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JAPAN REPORT

CONTENTS

POLITICAL AND SOCIOLOGICAL

ABE TO 'ACCURATELY' INFORM U.S. OF MIDEAST TALKS

OW211321 Tokyo NHK Television Network in Japanese 1000 GMT 21 Jul 85

[Text] Foreign Minister Abe, who is currently visiting three Mideast countries has indicated his intention of accurately informing the United States, which holds the key to the Mideast peace, of the contents of his talks with Mideast leaders and also his intention of making efforts to indirectly promote Mideast peace.

[Begin Takayuki Fujimori video report from Jidda] Foreign Minister Abe has been extremely active during his current visits. Besides visiting moderate states of Jordan and Saudi Arabia, he also visited Syria who takes a hard-line attitude on the Mideast issue. Furthermore, he held talks with PLO Chairman 'Arafat.

In his talks with the Mideast leaders, discussion mostly centered on the Mideast situation, indicating their strong expectations for Japan's political role. In holding such expectations, these countries seem to seek support from Japan that has good connections with the United States--the nation that has great influence on the Mideast situation. In a series of talks, Foreign Minister Abe stated Japan's policy of indirectly cooperating with other countries to promote Mideast peace, including an appeal to the United States. Thus, Japan will actively deal with the Mideast issue which it has avoided because itself might be hurt if the issue is handled carelessly.

In this connection, the current visits indicate that Japan has made preparations for its future diplomacy in the Mideast and has taken the task of working out effective measures to generate an atmosphere conducive to peace. [ends video report]

CSO: 4105/369

POLITICAL AND SOCIOLOGICAL

U.S. CONGRESSIONAL DELEGATION MEETS DIETMEN

OW020457 Tokyo KYODO in English 0428 GMT 2 Jul 85

[Text] Tokyo, 2 July, KYODO--U.S. congressmen asked Japan Tuesday to buy more American products to prevent U.S. legislators from taking protectionist action.

The trade issues, a major source of friction in bilateral relations, came up in a meeting between a delegation of the U.S. northeast-midwest congressional coalition, a group made up of members of the house of representatives from northeastern and midwestern American states.

The delegation, led by Congressman Berkley W. Bedell of Iowa, is in Japan for talks with a dietmembers league dealing with Japan-U.S. relations. The league, made up of diet members of both the ruling and opposition parties, is headed by former transport minister Tokusaburo Kosaka.

Congressman Sander M. Levin of Michigan was quoted as talling the meeting Tuesday morning that unless Japan takes steps to visibly improve America's lopsided trade imbalance with Japan, legislators in Washington will have no choice but to take protectionist action.

The U.S. side was also reported to have strongly urged Japan to import more American farm products, auto parts, communications equipment and bearings.

The Japanese side reportedly questioned the U.S. stance, saying it was wrong for the United States to claim that unemployment was caused by Japanese exports.

It said the bilateral trade problem is also due to America's economic policy, and cited high interest rates as an example.

The two sides agreed on the need to have a sincere exchange of views in the future.

CSO: 4100/672

POLITICAL AND SOCIOLOGICAL

JAPANESE PAPER SAYS A-BOMBINGS MEANT TO BLACKMAIL USSR

LD010653 Moscow TASS in English 0627 GMT 1 Aug 85

[Text] Tokyo, 1 August, TASS--TASS correspondent Vasiliy Golovnin reports:

In the final recommendations which were submitted in summer 1945 to U.S. President Harry Truman by the special commission to find the most suitable target for a nuclear bombing in Japan it was said that the task was to destroy as many people as possible. Therefore an atomic bomb, it was said in the recommendations, should be dropped on a city with the highest density of the population. That document, reports the newspaper AKAHATA, has recently been discovered amid other earlier classified materials in American archives by Japanese journalists.

As is seen from the commission's recommendations, Hiroshima "attracted" Washington's attention because by August 1945, apart from its own population, it was overcrowded with refugees who flew there from other cities destroyed by U.S. massive airraids. The extermination in cold blood of hundreds of thousands of defenseless people was bound to patently demonstrate the might of the new "superweapon" with the help of which the White House intended to establish its hegemony in the world. Washington was fully aware that the barbarous destruction of Hiroshima and Nagasaki was absolutely senseless from the military view point.

Personal notes of Commander of the U.S. Forces in the Far East General Douglas Macarthur were found in his archives, and in those notes it was admitted that atomic weapons had been used when the capitulation of militaristic Japan was already predetermined owing to the USSR's decision to start combat actions in the Far East. In the report to President Truman the General stressed taht even without nuclear bombings the enfeebled Imperial Army would not be able to put up serious resistance to allied troops, but those arguments were turned down by the White House obsessed by the idea of "nuclear blackmailing" the Soviet Union and gaining world domination, AKAHATA writes.

CSO: 4100/672

LIBYAN FOREIGN MINISTER TO VISIT

OW250115 Tokyo KYODO in English 0050 GMT 25 Jul 85

[Text] Tokyo, 25 July KYODO--Libyan Foreign Minister Dr. 'Ali 'Abd al-Salam al-Turayki will arrive in Japan on 5 August for talks with his Japanese counterpart Shintaro Abe on bilateral relations and Middle East developments, foreign ministry officials said Thursday.

The officials said that al-Turayki secretary of the General People's Committee for Foreign Liaison, will stay in Japan for "several days" for an official visit. He has also proposed to make a call on Prime Minister Yasuhiro Nakasone, they said.

This will be the first visit to Japan by a Libyan foreign minister since the 1969 Libyan revolution under Col. M'ammar al-Qadhdhafi, now head of state. Al-Turayki will also visit South Korea and China, the officials said.

Libya is isolated in the international community because of its radical stance, marked by its support for Palestinian guerrillas and al-Qadhdhafi remarks approving international terrorism.

The country also drew attention here when it accepted the Japanese red army terrorist Kozo Okamoto last month after he had been released from jail in Israel, where he had been imprisoned for his part in a machine-gun attack at the Lod Airport in Tel Aviv in 1972.

The foreign ministry officials said, however, that there have been signs that Libya is trying to improve its relations with western countries, including al-Qadhdhafi's talks late last year with French President Francois Mitterrand and Spanish Prime Minister Felipe Gonzalez.

Former Japanese Foreign Minister Yoshio Sakurauchi, who is also chairman of the Japan-Libya Association, is also scheduled to visit Libya at the invitation of that country in August.

CSO: 4100/672

MAJLIS-JAPAN TALKS DESCRIBED AS 'CONSTRUCTIVE'

LD031845 Tehran IRNA in English 1815 GMT 3 Jul 85

[Text] Tokyo, 3 July IRNA--Majlis speaker Hojat ol Eslam Hashami-Rafsanjani and Japan's Prime Minister Yasuhiro Nakasone today described the talks between the visiting Iranian delegation and Japanese officials as constructive. They also said the Iranian and Japanese negotiators had agreed on following up the agreements earlier entered into between Iran and Japan. They described the current visit to Tokyo by the Iranian delegation as having been highly useful.

The Iranian Majlis Speaker, the Iran's Foreign Minister Dr. Velayati today met and reviewed with Yashuhiro Nakasone and the Japanese Foreign Minister Shintaro Abe prospects of future cooperation between the two countries in the area of industries, trade, and technology. The Japanese prime minister declared his country's readiness to cooperate with the Islamic Republic in further expanding bilateral relations.

The Japanese prime minister was guest at a luncheon given in his honor at the 'Akasaka Palace' by the Iranian Majlis speaker, Hojat ol-eslam Hashemi-rafsanjani today.

Earlier today Iran's Majlis speaker received Japan's minister of state and director general of the economic planning agency Toshio Komoto. During the meeting the visiting Japanese official declared the readiness of his country to cooperate with Iran in the area of economic planning.

In another meeting here today, the Iranian foreign minister, Dr Velayati, and his Japanese counterpart Shintaro Abe reviewed the talks held between the Iranian delegation and the Japanese officials in the political, cultural, industrial scientific and technological areas, and expressed identical views on a further expansion of Iran-Japan relations.

On Wednesday [3 July] the Iranian deputy prime minister in charge of executive affairs, Gholam Reza Aqazadeh met and reviewed with the Japanese minister of international trade and industry prospects of economic and industrial cooperation between the two countries. The Iranian official invited the Japanese minister for a visit to Iran which invitation was accepted its date to be agreed upon later on.

CSO: 4100/672

POLITICAL AND SOCIOLOGICAL

JAPAN-PRC MINISTERIAL MEETING IN TOKYO 30-31 JULY

OW201149 Tokyo KYODO in English 1132 GMT 20 Jul 85

[Text] Tokyo, 20 July, KYODO--Japan and China will hold a two-day ministerial conference in Tokyo 30-31 July to discuss ways to promote bilateral cooperation.

Major topics on the agenda are trade, investment, technological transfer, business management and training of skilled workers.

Foreign Minister Shintaro Abe in a keynote speech will pledge Japan's cooperation in helping China update and extend its financial regulations and training Chinese auditing experts, Japanese officials said.

Japan considers that China's present laws governing commercial transactions and foreign investment are inappropriate for promotion of a Japanese capital inflow into China.

The officials said Japan and China are likely to reach agreement on interchanges of legal and auditing experts between the two countries.

Japan is also willing to respond to China's request for cooperation in the seventh five-year plan due to start next year.

It will be the first ministerial meeting between the two countries to be held in about two years.

Japan will be represented by seven cabinet ministers, including Abe and Finance Minister Noboru Takeshita. The Chinese delegation will include seven cabinet ministers, including Foreign Minister Wu Xueqian. It will be headed by Gu Mu, a state councillor.

The two countries will take the opportunity to sign a bilateral atomic power cooperation agreement calling for Japan's assistance in the commercial use of atomic energy.

In a separate meeting, Abe and Wu are expected to exchange views on east-west relations, the situation on the Korean peninsula, disarmament and the Kampuchean problem.

The two men last met while attending the United Nations General Assembly meeting in New York in September last year.

CSO: 4100/672

LDP'S FUJIO WARNS OF NEED TO OPEN MARKETS

OW261141 Tokyo KYODO in English 1114 GMT 26 Jul 85

[Text] Karuizawa, Nagano Prefecture, 26 July, KYODO--Japan must open its markets or it could face isolation in the world, a senior Liberal-Democratic Party leader warned Friday.

Masayuki Fujio, one of the principal policymakers in the ruling party in his capacity as chairman of its policy affairs research council, also said that American patience is wearing thin and the U.S. Congress may take retaliatory measures against Japan.

Fujios warning, made in an address delivered at the opening of a two-day LDP policy seminar, came as the government in Tokyo was putting the final touches to an "action program" to liberalize Japan's import regulations.

Prime Minister Yasuhiro Nakasone and U.S. Ambassador to Japan Mike Mansfield are scheduled to address the annual summer policy seminar Saturday.

Concern about the political and diplomatic effects of Japan's trade friction with the United States feature prominently in the day's proceedings.

Defense Agency Chief Koichi Kato, speaking in a panel discussion at the seminar, said he was concerned that unless Japan's trade friction with the United States is settled it could spill over to Japan's security arrangements with the United States.

Japan's security, Kato told the audience of LDP Diet members and supporters, relies on U.S. military protection.

Foreign Minister Shintaro Abe, who was scheduled to speak on Japanese diplomacy at the seminar, canceled his trip here and chose to remain in Tokyo to sort out the diplomatic implications of the action program, which is due to be announced 30 July, LDP sources said.

Fujio said U.S. frustration is growing because of increasing unemployment in the United States caused by the increased imports. He said the worker layoffs in the United States are no longer limited to smokestack industries but have now spread to high-tech industries.

"If Japan makes a false step, our country would be isolated in the world in the years ahead toward the 21st century," Fujio said. The answer, Fujio said, is an open country, where foreign goods can compete freely.

However, Fujio admitted that resistance is strong within the government to protect some sectors of Japan's economy, citing the case of high tariffs on chocolates and devil's tongue, a herb which is subject to import quotas.

LDP Secretary General Shin Kanemaru, in a separate speech, took the view that Japan should tackle the trade issue through expanding domestic demand. He said the government should prime the economy through more public spending and a more active private sector.

Turning to Japan's national defense, Kanemaru expressed his support for a government plan to introduce five-year defense procurement programs as a guideline for defense spending. The plan, which was revealed last Wednesday, is meant to reaplce the current government policy of holding defense spending to within 1 percent of the gross national product.

The defense budget for the current fiscal year, ending next March, stands at 0.997 percent of estimated GNP, and Kato noted that the defense budget would top the 1 percent barrier next year, should the economic indicators remain unchanged.

The cabinet approved a budgetary guideline early Friday that would allow the defense agency to seek up to a 7 percent increase in defense spending for the next fiscal year.

CSO: 4100/672

POLITICAL AND SOCIOLOGICAL

ADVISORY PANEL PROPOSES MORE POWER FOR CABINET

OW221129 Tokyo KYODO in English 0933 GMT 22 Jul 85

[Text] Tokyo, 22 July, KYODO--An official advisory panel proposed on Monday that more power should be given to the cabinet and government controls on business should be lifted.

The seven-person advisor group submitted a report to Prime Minister Yasuhiro Nakasone containing proposals to streamline the administration. The report proposes, among other things, establishing a task force directly under the prime minister to act swiftly on disputes with foreign countries, particularly in trade and economic matters.

This office, which should be headed by a vice minister-level official, would take charge of overall coordination between ministries and agencies to settle external problems, the report says.

The report proposes some 500 reforms of cabinet function, scientific research administration, local autonomous bodies, deregulation policies and use of state-owned lands.

The government will discuss the proposals at a cabinet session on Friday, and will promise maximum efforts to honor them, according to officials.

Veteran business leader Toshiwo Doko led the group of advisors, which included two other representatives of business, two labor leaders and two retired senior government officials.

The report also proposes the creation of a security council which would take swift action against downing of civil aircraft, terrorist attacks or hijackings. The council would replace the National Security Council, nominally Japan's highest defense policy board but long in abeyance. The security council would also deliberate defense policies, the report said.

The advisory body called for the removal of government controls, which it said have stifled technological innovation and lowered economic efficiency. Deregulation is necessary, particularly in banking and transportation, the report says.

It also proposes a gradual expansion of refined petroleum imports, now under tight restriction.

It also calls for encouraging business vitality to make more effective use of state-owned land.

CSO: 4100/672

HALF-YEARLY UNEMPLOYMENT FIGURES PRESENTED

OW300231 Tokyo KYODO in English 0216 GMT 30 Jul 85

[Text] Tokyo, 30 July KYODO--About 1.59 million people, or 2.7 percent of the labor force, were out of work on average during the first half of this year, according to a survey announced by the government Tuesday. This was down 0.1 percent from the like period of last

Masaharu Gotoda, head of the Management and Coordination Agency, presented the survey results for cabinet approval at its regular meeting.

This is the first time in five years that the unemployment rate has dropped in the first half of the year. The agency attributed this to a stable employment situation.

There were 1.53 million unemployed workers in June, down 100,000 from the same month of last year. After seasonal adjustment, the unemployment rate stood at 2.6 percent, up 0.1 point from May.

By major industrial categories, employment rose in manufacturing, wholesale and retail and restaurant industries, and declined in agriculture and forestry, and service industries.

The rate of job openings to applicatns was 0.70 for June, up from May's 0.69 Labor Minister Toshio Yamaguchi told the cabinet meeting. The ratio rose to the 0.7 level for the first time in four years. The labor ministry said this showed a stable employment situation with business recovery.

June's job offers by major industries increased in transport and communication and service industries from a year before, and decreased in construction, manufacturing, wholesale and retail and restaurant industries.

CSO: 4100/672

POLITICAL AND SOCIOLOGICAL

BRIEFS

KOMEITO LEADER MEETS XIAOPING--Shenzhen, 26 July KYODO--The leader of Japan's no. 2 opposition party Komeito, Yoshikatsu Takeiri, will meet China's Supreme Leader Deng Xiaoping at the summer resort of Beidaihe on Thursday, August 1, Komeito officials said here Friday. Takeiri and his group arrived in Shenzhen by car from Hong Kong Thursday after a four-day visit to South Korea. In Seoul, Takeiri met with President Chon Tu-hwan and Prime Minister No Sin-yong. There is speculation that Takeiri may play some role to help improve relations between China and South Korea, which have no diplomatic ties. The Komeito mission will go to Dalian on Monday and to Beidaihe on Tuesday, the officials said. The group will return to Tokyo on 5 August. [Text] [Tokyo KYODO in English 0003 GMT 26 Jul 85]

SOUTH KOREAN DRUG ARREST--Tokyo, 26 July KYODO--Police investigating a large-scale stimulant drug smuggling case through a South Korean route, said Friday they have arrested a South Korean and a Japanese for smuggling and selling such drugs. Arrested were Kim Chong-chun, 67, a buddhist memorial tablet distributor, of Pusan, South Korea, and a jobless man who calls himself Yasukazu Shimada, 43, of Kitakyushu, Fukuoka Prefecture. Police also confiscated 25.6 kilograms of stimulant drugs worth 5.12 billion yen at street value from them. Police said Shimada confessed he sold 500 kilograms of stimulant drugs smuggled from Seoul since around 1976. Police tailed Kim after he arrived here from South Korea on 20 June and arrested Kim and Shimada when they met at an Osaka hotel for drug trafficking Tuesday. Police said Kim denied smuggling and selling stimulant drugs in Japan under the guise of a Korea-made memorial tablet distributor. Shimada acted as contact man and drug wholesaler for the Korean smuggling route, police said. [Text] [Tokyo KYODO in English 0538 GMT 26 Jul 85]

REDISTRIBUTION OF ELECTORAL SEATS--Brussels, 20 July KYODO--Prime Minister Yasuhiro Nakasone ending his tour of four European nations, said Saturday he is determined to go ahead with a proposed redistribution of electoral seats in the house of representatives. Nakasone told reporters at his hotel that he would like to implement the plan as soon as possible. He backed a proposal by his ruling Liberal-Democratic Party to reduce seats in six scarcely populated constituencies and

distribute them to those with large populations of eligible voters. The redistribution of electoral seats is in line with a ruling by the Supreme Court Wednesday that the 1983 general election was unconstitutional because it was held without readjusting the number of seats in proportion to the population of eligible voters. The prime minister is scheduled to depart from Brussels Saturday night (Japan time), returning to Tokyo Sunday afternoon. [Text] [Tokyo KYODO in English 1038 GMT 20 Jul 85]

CSO: 4100/672

JOINT DEFENSE POLICIES WITH U.S. DISCUSSED

Tokyo SHAKAI SHIMPO in Japanese 14 Jun 85 p 4

[Editorial: "Dangerous Aims of U.S.-Japan High Level Defense Talks"]

[Text] The regular High Level U.S.-Japan Defense Talks have ended. Before leaving for the United States, Defense Agency Director-General Kato said the purpose of this regular conference was the construction of an "equal U.S.-Japan defense relationship," but at the conclusion of the talks, what was clear was only the reality that Japan would all the more positively support America's global "anti-Soviet military strategy."

The periodic holding of these meetings was agreed upon in the Sakata-Schlesinger talks in August 1975, and after that, this U.S.-Japan High Level Defense Conference which has been held every year since 1977, has come to confront the dangerous crossroads where the world is secured from nuclear peril by U.S.-Japan mutual security treaty.

The major features of the conference this time were U.S. Secretary of Defense Weinberger's emphasis throughout on the fabrication that the "largest threat to the world is the Soviet military threat" and his attempt to draw Japan openly into the American "anti-Soviet world strategy." Earlier, in "The Defense Report for Fiscal 1986" of 4 February, Secretary Weinberger emphasized the "global Soviet threat" and again, on 2 April in "Soviet Military Power" he pointed out the "dramatic increase" in the Soviet Pacific fleet and Soviet "worldwide designs." The state of affairs in this U.S.-Japan Defense Conference too, was that Secretary Weinberger, on top of repeating these "fabricated threats," issued a warning that "Japan exists in close proximity to these threats."

Furthermore, we can probably say that the reason too, that there was an explanation on the strategic significance and technical features of the "Strategic Defense Concept" (SDI) from General Abrahamson, head of the Strategic Defense Initiative Office in the U.S. Department of Defense, after the conference, was that it was planned in order to have Japan swallow "SDI support," which couldn't even be worked into the NATO Foreign Ministers Conference communique.

Japan's Pledge To Become A Major Military Power

In response to this, Director General of the Defense Agency Kato announced a pledge to the United States for even closer U.S.-Japan defense cooperation and cooperative operations, and a Japanese movement toward becoming a major military power with the "1984 Mid-Term Defense Program Estimate" (the estimate for operations from 1986 through 1990).

The "1984 Mid-Term Defense Program Estimate" is being explained as something which is for the complete attainment of the "National Defense Program Outline" which extolled the concept of "military forces for defensive purposes only," but in reality it undermines that concept in projecting a dangerous strategic shift to a "forward defense and counterattack strategy" aiming at "blockading the three straits and defense of sea-lanes."

Actually, under the "1984 Mid-Term Estimate" the Air Self-Defense Force, in addition to planning the establishment of a 12 plane system of E-2C early warning planes and increasing the number of F-15 fighters to 65 planes with a 7 flight squadron 190 plane system, is planning the new introduction of mid-air refuelling planes and the like in order to expand the operational limits of fighter aircraft, large model E-3A airborne warning and control planes (AWACS) which are suited for air defense command over wide areas, and extremely long distance (OTH) observation radar which can search 4,000 kilometers deep into Soviet territory.

The Maritime Self-Defense Force will increase its number of P-3C anti-submarine patrol planes by 55 planes, and expand to a 100-plane organization, and toghether with this is planning the construction of two of the newest and most powerful Aegis improved type DDG (a missile ship which has the ability of dealing simultaneously with multiple targets such as aircraft or anti-ship missiles). Even more, the Ground Self-Defense Force is pushing forward in making the Hokkaido Division into an armored (tank) division with the mass introduction of new model tanks and armored cars and has started equipping 3 to 5 individual units with ground to ship missiles (SSM-1).

A defense expense of between 5.7 and 6.3 trillion yen is seen as necessary for the front end procurement of these weapons alone and the "restriction keeping defense expenses to 1 percent or less of the GNP" is about to be completely scrapped.

Defense Agency Director General Kato made a dangerous pledge to the United States for even closer cooperation in U.S.-Japan military maneuvers and cooperative operations, and in exchange of weapons technology. It is reported that the United States Department of Defense is already requesting the transfer to the United States of Mitsubishi Electric Corporation's missile target searching equipment, Fujitsu Limited's millimeter wave Doppler radar and the multipurpose technology of 8 Japanese industrial firms.

As is clear from the course of last May seventh Japan-U.S. Equipment and Technology Conference, the United States will gradually demand a transfer of leading edge technology related to the SDI, and Japanese support for the Strategic Defense Initiative will likely become a certain reality.

Green Light for World Nuclear Security

The U.S.-Japan cooperative operations plan was signed at the end of last year, and since then, U.S.-Japan joint military maneuvers have been based on an "anti-Soviet military strategy" and have been repeated on an extremely practical scale. In next spring's RIMPAC '86 (Rim of the Pacific Naval Exercise 1986) the so called 8-8 fleet of the Maritime Self-Defense Force will be dispatched (one escort flotilla will have eight of the newest and most powerful escorts and eight antisubmarine helicopters) and it is reported that they will carry out practical tactical training.

Moreover, it is also reported the Air Self-Defense Force, waiting for the complete deployment of F-16 fighters at Misawa Base, has already firmed up a policy of carrying out joint training with U.S. F-16's based in Korea, in the air space over the Sea of Japan. Putting that together with Prime Minister's Nakasone's deciding on a policy of mutual exchange of visits by the Maritime Self-Defense Force and the Korean Navy training fleet coming at this juncture, one would probably have to say that a U.S.-Japan-Korea three military alliance structure has been completed in fact.

This time the High Level U.S.-Japan Defense talks have, in this way, taken on very dangerous characteristics. Coupled with an attempt to render the "Three Non-Nuclear Principles" meaningless with the signing of the "Japan-U.S. Cooperative Operations Plan," forced deployment of nuclear carrying F-16 fighter planes to Misawa Base, port calls at Yokosuka by nuclear powered submarines carrying "Tomahawk" nuclear cruise missiles and the like, the Washington Defense Conference has really embarked on U.S.-Japan defense cooperation based on a global "anti-Soviet military strategy."

With the two pledges to the United States for closer joint cooperation and Japan's becoming a military power made by the "1984 Mid-Term Program", Director General Kato gave a clear go ahead signal for a change from the U.S.-Japan security treaty to world nuclear security. Under these kinds of conditions, the struggle of our party, which aims strictly to defend the "limitation on defense expenditures to less than 1 percent of GNP," and block the "1984 Mid-Term Defense Program Estimate," has taken on a decisive importance. Now especially our party is standing up in this decisive situation in which we must appeal to you, the people, about the dangerous nature of the U.S.-Japan Defense Conference.

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CSO: 4105/313

MILITARY

NO BRAKE ON MILITARY EXPANSION SEEN

Tokyo GEKKAN SHAKAITO in Japanese Aug 85 pp 18-38

[Article by Tetsuo Maeda]

[Text] Introduction

Abolition of "Limit" Tied to "Virtual Demise" of Constitution

July 1985 marks the 35th year since the beginning of Japanese rearmament. On 25 June 1950, the Korean War broke out and the General Headquarters of the Occupation Forces, directly faced with the new situation of quickly dispatching U.S. Forces in Japan to the warfront, delivered to then Prime Minister Yoshida a "note from General of the Army MacArthur with regard to increasing the police force." Japan was ordered to rearm by the expression "accordingly, I grant the Japanese Government the authority to establish a National Police Reserve Force composed of 75,000 men and to increase the personnel under the present Maritime Safety Agency by an additional 8,000 men." Needless to say, this armed force was the forerunner of today's Ground Self Defense Force which has an authorized strength of 180,000 men and current strength of 155,466 men (end of November 1984). At the same time, according to one part of this note, the Japanese Constitution, which stipulated "the renunciation of war, non-maintenance of war power, and repudiation of the right of belligerency" was discarded in the adverse tide of terrible times a little over four years after its promulgation.

This "adverse tide of the 1950's" not only had the aspect of commencing military rearmament, but also the re-appropriation and strengthening of U.S. military bases in Japan -- for example, on 11 June 1950 which was two weeks prior to the outbreak of the Korean War, the "Old Military Port City Conversion Law" had been endorsed with over 90 percent approval and old military port cities such as Yokosuka and Sasebo which had pledged conversion to "peaceful cities," ended up instantly transfigured into frontline bases for Korean operations and up to today, they have continued to be "base towns" and in the sense that "special procurement" and "military procurement" were affixed to a corner of the economic sphere demarcated by this period, it was possible to have a rather organized defiance of the constitutional system. That was truly the "Age of the Big Lie" just as U.S. Army Col. Frank Kowalski -- Chief of Staff, U.S. Military Advisory Group in Japan -- later recollected.

"However, these noble aspirations of mankind now are being smashed. The "Big Lie of the Age" has begun in which both the United States and I are participating. That is that the Japanese Constitution has no literal meaning and the big lie declared throughout the world is that the troops, small arms, tanks, guns, rockets, and aircraft are not war potential. A nation's constitution, which probably can be called the greatest product in the political history of mankind, has been desecrated and overridden by both the United States and Japan. (Japanese Rearmament, F. Kowalski, Simul Press, 1969).

Today in 1985, defense policy, which continues to expand before the eyes of the people, also has become an extension of this "big lie." The underlying tone and methods have not changed. It is the big lie that missiles and fighters are not war potential. It is the big lie that joint exercises by many countries and support of nuclear deterrence strategy are not the exercise of the right to collective self defense. The substance has not changed by expressing this as a "post-war political turnabout." What has changed is that today's turnabout is being carried out "in response to a request by the U.S. Government," as opposed to the adverse tide of 35 years ago which was implemented "in accordance with the orders of the U.S. Occupation Forces."

There is no room for doubt, however, that the situation which has created this result is the "general perfection of the big lie of the age," or in other words, that it is tied to the virtual demise of the Constitution. Prime Minister Nakasone's expansion of defense policy is thrusting such dilemmatic problems before the people one by one.

Based on awareness of this problem, the article below will examine the position and trends of today's defense policy, focusing on the issue of defense expenditures exceeding the 1 percent GNP limit.

I. Defense Expenditure Expansion: Two Factors

Switch in U.S. Strategy from "Continental Containment" Model to "Sea Confrontation" Model

Before entering the main discussion, the question of exceeding the 1 percent GNP limit, let us view the factors leading to the defense expenditure expansion situation from the two points of a change in the perception of the circumstances of U.S.-Japanese military cooperation and a change in the interpretation of "weapons which can be possessed."

First of all, a change of the U.S. Government's perception of Asia and the Pacific Ocean must be cited as a big circumstantial factor that has greatly affected Japanese defense policy. With the fall of Saigon in April 1975 and the conclusion of the Indochina War as the turning-point, the mission of PACOM (Army, Navy, and Air Force operations unit with headquarters located in Pearl Harbor, Hawaii, and the 7th Fleet and 5th Air Force as its main force), whose operational area is the Pacific and Indian Oceans, has gradually but clearly changed from the "commitment of military forces" to the Asian continent towards "nuclear deterrence" against Far East Soviet nuclear fighting units. It is a change from the "local intervention" strategy in which marines landed

and scattered napalm bombs to "strategic confrontation" in which the target has been narrowed down to "the donjon Soviet Union." This changing state of affairs already was a fait accompli in the Pacific at the end of the 1960's by the introduction of the "flexible response strategy." Considering the cold war structure and record of U.S. military strategy in East Asia where "military intervention" was the norm, the effects of the strategy switch must have been great and widespread. That is because although the framework of the perception of the military situation in Asia and the Pacific in itself subsumes the same geographical framework, the strategy switch from "military intervention" to "anti-Soviet nuclear deterrence" acts to shift it from the former "Northeast Asia" focus toward an emphasis on the "Northwest Pacific." Consequently, it also brings to U.S. military units a switch from the policy of deterring "Soviet forces" on the peninsulas and edges of the continent to an active form of directly confronting "Soviet naval and air forces" with adjoining seas and straits as the stage. This strategy switch from "continental deterrence" to "ocean confrontation" has at the same time been a signal for reorganization in U.S. Asian and Pacific policy from an "independent commitment" to "collective security." "Defense pressure" on Japan also has been unfolding, ordained by this major state of affairs.

Let us look at a chronological table of U.S. 7th Fleet action as a mirror reflecting the change from "military intervention" to "anti-Soviet deterrence."

	Military Intervention
1950-53	Participation in Korean War
1954-58	Intervention in tension surrounding Taiwan Strait
1959-62	Support of rightist faction in Laotian Civil War
1962-73	Bombing in North and South Vietnam
	Anti-Soviet Deterrence
1971	RIMPAC Exercise (Pacific Rim joint exercise with participation by United States, Australia, and New Zealand) begins
1976	TEAM SPIRIT Exercise (U.S.-South Korean joint exercise) begins
1980	Jump to extended RIMPAC Exercise (Japanese participation) with extended scale and time period
1982	FLEETEX Exercise (PACOM Exercise) commences with shift of stage to Northwest Pacific Ocean, training in anti-Soviet warfare
1983	U.S. Navy begins "flexible operations" posture in Japan Sea
1984	Japan participates substantially in FLEETEX Exercise

As is evident from the above chronological table, a clear change can be seen in the form of action by the U.S. 7th Fleet demarcated by the Vietnam War. And, there has been no satisfactory explanation on the extension of the former duty of "military intervention." The 7th Fleet in the Pacific, like the 2nd

Fleet in the Atlantic and the 6th Fleet in the Mediterranean, have come to be placed as a daily, continuous deterrent force with the Soviet Navy and Air Force considered the main enemies. Consequently, the new relationship of allies being sought is not just the offering of bases and provision of logistical support capability. The NATO type of collective security model must become the basic form. The post-Vietnam War record of the 7th Fleet convinces one of this for the first time since hearing such talk.

Therefore, the defense pressure on Japan by the U.S. Government is decidedly not coincidental in its increased concreteness and forcefulness since the end of the Vietnam War. Since that time, U.S. Government authorities clearly have stopped considering U.S.-Japanese military cooperation within the framework of "a Japanese emergency." A decision has been made to apply the functions and objectives of U.S. military bases in Japan beyond "the maintenance of international peace and security in the Far East." The expectation is that the U.S.-Japan Security Treaty will function as a flank of the anti-Soviet deterrence strategy.

In 1975, following the conclusion of the Vietnam War, U.S.-Japanese top-level conferences, the Sakata-Schlesinger Conference and the Miki-Ford Conference (August), simultaneously were held with a series of defense issues as the theme. Here, the United States quickly brought forward "sea lane defense" as sharing sea area defense. The "Soviet threat" was seized as the keynote of the post-Vietnam situation and the plan was established here for Japanese military forces to rise from "a logistics base for the Asian Continent" to a "vanguard of the Northwest Pacific" in the form of "sharing defense by sea area and by function." From out of these defense deliberations, a "Security Treaty Applications Council" was newly established, including U.S. and Japanese uniformed groups. In 1978, "Guidelines for U.S.-Japan Defense Cooperation" were worked out with a rather expanded site of defense cooperation. In the third item of the Guidelines, a new application of the Security Treaty was indicated in "cooperation between the United States and Japan in cases where situations in the Far East outside of Japan will have a serious effect on Japan's security."

It appears that the U.S. Government policy also highlights the role of Japan in its "Pacific strategy." The "New Pacific Doctrine" of President Ford, announced in December 1975, had as its first point self-regulation by the United States as a Pacific nation, followed by the second point that the cooperative relationship with Japan was the pillar of U.S. strategy. In the 1979 National Defense Report (February 1978) of the Carter Administration, it is written that "the defense frontier of the United States is on a large arc that includes important regions from Norway to Japan and the Aleutians, and linkage with the anti-Soviet world strategy is provided by the expression "Japan, the anchor of the North." As seen by the U.S. Government, it is no longer possible for the defense power of Japan "to be light armament for national defense." Even as a function of the U.S.-Japan Security Treaty, it was not supposed to be limited to the role of firefighting in a "Japanese emergency." Such changes in intelligence perception and new expansion of security applications have come over the space of 10 years since the Vietnam War. This is one viewpoint that must be grasped in illuminating the expansion

of defense expenditures in connection with the issue of the 1 percent GNP limit.

Shock of Exceeding The "Limit," Desire for "Weapons That Can Be Possessed"

Within the changes and expansion of the meaning, direction, and extended area of U.S.-Japan defense cooperation, that most greatly affected has been the regulations and restraint conditions in the area of possession of weapons by the Self Defense Forces. Weapons that 10 years ago were considered a violation of the Constitution because of their large attack power suddenly have become regarded as within the scope of self defense capability. Almost any weapon except nuclear warheads have been incorporated in the list of "possible possession." The unlimited expansion of "weapons which can be held" on the one hand has increased the attack capability of the Self Defense Forces and on the other hand, has served to quickly increase weapon procurement expenditures and inflate the share of the equipment budget. The shock of exceeding the 1 percent GNP limit is directly due to this factor. Prior to undermining the "financial control" stipulation of being within 1 percent of the GNP, destruction of the "brake policy" in the area of weapons possession occurred and the restraint conditions which regulated up to now "the weapons which can be held" to safeguard defense and shore defense collapsed.

For example, it was noted in the 1970 edition of the "Defense White Paper" (first white paper) and the 1976 edition (second white paper) that "the possession of long and medium-range ballistic missiles (ICBM, IRBM), attack aircraft carriers, and long range bombers, etc. which pose the threat of attack to other countries, and the dispatch of troops abroad in which armed units are dispatched to the territory of other nations with the objective of using military force are considered to exceed the scope of self defense approved in the Constitution." In the 1978 edition (fourth white paper), the expression has been changed to "weapons -- such as previously cited ICBM and long-range bombers, for example, -- which are used solely for their capacity of the annihilative destruction of another nation's territory cannot be possessed in any case whatsoever."

While stating in a previous paragraph of the 1978 edition that "Japanese defense power is limited purely to safeguard defense," actually the limits of weapons possession has expanded in interpretation from those that "pose the threat of attack to other countries," to "weapons used for the annihilative destruction of another nation's territory." Since the expression annihilative destruction of territory normally are words indicating the power of strategic nuclear weapons, a tactical nuclear weapon or less here that does not go as far as annihilative destruction of territory will be interpreted as a weapon used "purely for safeguard defense" even though it poses the threat of an attack against another country.

If the concept of "safeguard defense" loses its restraint power against individual weapons, the selection standards for weapons to possess will escalate before one's eyes "in response to the capability of the opponent" and "along with developments in military technology." At the 1978 Diet debate in which the interpretation of "annihilative destruction" appeared, the interpretation was made by the Prime Minister and government authorities that

"defensive tactical nukes," "anti-submarine aircraft carriers," "cruise missiles," and "biological weapons" all were constitutional and were possible to possess under the present Constitution. Ignoring also a previous example of when F-4 Phantom fighters were to be employed as the mainstay fighters in 1972, and the bombing equipment and aerial refueling equipment were removed so as "not to create a misunderstanding that it posed the threat of an invasion or attack against another country," in the case of the F-15 fighter whose introduction was decided in 1978, a 180 degree change was made in the unified Government interpretation that "it did not pose a threat of an invasion or attack against another country" and both devices were left on. Then in the the 1980's, it was judged also in the case of bomb sighting equipment on the Phantom fighter that "considering advances in military technology over the past ten years, providing the F-4EJ with a bomb sighting capability would not at all create a misunderstanding that it posed the threat of invasion of attack against another country," and it was restored.

The brake policy of having limits to weapons possession in the area of equipment is in the process of losing power and the crumbling of restraint conditions which have functioned as a brake in the area of defense policy under similar conditions, or in other words, with the background of world opinion up to now, is proceeding at the same time and in all fields. By chance, the financial brake of 1 percent of the GNP alone can be said to have remained to the end, thanks to support in the exactness of numbers which do not lie. The destruction of brakes has been made by extremely coercive methods in which judgments are made to circumvent them by rhetorical interpretation, as for example, cases like the "RIMPAC Exercise" (Pacific Rim Joint Exercise) where, although there is participation in a multiple nation naval exercise in Hawaiian seas, led by the U.S. Navy and including Canada, Australia, and New Zealand, as proof of legality it is claimed that it is "the conduction of instructional training necessary to execute their various duties" as stipulated in Paragraph 21, Article 5 of the Japan Defense Agency Establishment Law. Also, the "offering of military technology to the United States" implemented immediately after the establishment of the Nakasone Cabinet, while advocating that it is "the only exception" to the "three principles of weapons' export," in truth, it has stood on the "deceptive structure" of lifting a taboo for the world's largest weapons manufacturing nation and the world's top weapons exporting nation.

Thus, military cooperation based on the U.S.-Japan Security Treaty, granted the new area and direction of "anti-Soviet deterrence," has been considered to that extent a restraint condition preventing military expansion, and the restrictions explained thus by the Government to the people have been one by one intentionally straying from the mark. The financial restriction alone that defense expenditures be within 1 percent of the GNP should not be the sole exception. Rather, this can explain recent actions surrounding the issue of the 1 percent GNP limit -- the scheme whereby the energy of military expansion that has pulled free from restraints will encircle and overcome this "last obstacle." Therefore, along with the points of contention in domestic politics on the revisions and changes in defense policy, the debate surrounding this issue must take up the factors of the change in the international situation which has led up to this and the new expansion in

area, duties, and functions of U.S.-Japanese defense cooperation and include a response to that.

II. Danger of "Military Expansion Without Brakes"

Unity of "Outline of Defense Plan" and "1 Percent Limit"

The setting of a limit on defense expenditures, commonly called "the 1 percent GNP limit" was determined by the National Defense Council and Cabinet of Prime Minister Miki on 5 November 1976. The full text is as follows:

Present Provision of Defense Power

> The provision of defense power for the present will be carried out with the goal that the total amount of defense-related expenditures for each fiscal year will not exceed an amount comparable to 1 percent of the Gross National Product for said year.

This Cabinet decision was adopted as a standard aimed at the budget aspect of the Outline of the Defense Plan (hereafter termed Outline) in a form to make the Outline, which was decided a week earlier on 29 October, acceptable. The reason was that in the Outline only the basic policy that "it will be carried out with consideration given to the economic and financial conditions of the times, striving for harmony with other policies of the nation" was indicated with regard to the specific implementation of provision of defense power. The 1977 edition of the Defense White Paper, which explained the circumstances up to adoption of the Outline, explains the following with regard to the relationship of both:

"The reason (only basic policy concerning required expenditures) was indicated in the Outline) was because it was natural that the required expenditures would not be indicated in making the aggregate since the provision of basic defense power would be by 'a single year method' and not by 'a fixed five-year method.' Also, along with specifically indicating the scale of defense power targeted, it was judged both necessary and sufficient to indicate the basic policy stated above."

"Indeed, since it was believed from the general Government viewpoint that it was necessary to indicate a 'goal' for annual defense-related expenditures in the present provision of defense power, it was decided separately from the Outline of the Defense Plan in a Cabinet meeting on 5 November 1976, as follows:"

After this, the full text of Present Provision of Defense Power previously introduced was cited and continuing after that, the following was stated:

"Here, the fact that defense-related expenditures for each fiscal year 'will not exceed' 1 percent of the Gross National Product (GNP) is because it is believed that considering the present economic and financial situation, it will be difficult to increase defense expenditures greatly for the time being and since on the other hand, the situation has been that defense expenditures in recent years have been shifting to close to 1 percent of the GNP, a

comprehensive judgment was made and it was decided that it "will not exceed" 1 percent of the GNP."

According to another Government document, the "Defense White Paper," it is clear without doubt that the "Outline" and "1 percent of the GNP" are united in the relationship of basic policy and required expenditures, and it is not a proper nature for them to be detached and discussed separately. The assertion that "to attain the standards of the Outline, exceeding 1 percent of the GNP is unavoidable," or the perception that "the Outline and 1 percent GNP are unrelated because they are determined separately" must be termed irrational arguments lacking persuasive power to ignore the situation following their establishment. Also, as regards the "present" in "for the present ... will not exceed the amount comparable to 1 percent," those arguing for abolition assert that "it should be understood as indicating 4 or 5 years at the most," but the 1977 edition of the White Paper is clear on the point that "there is no fixed period scheduled with regard to 'the present' " and the gist that it can be maintained as long as necessary is expressed. The Defense White Paper with the formal title "Defense of Japan" is an official document published with the approval of the Cabinet and what is stated here should be considered the official Government view. Not the slightest ambiguity can be discerned in the statements of the White Paper.

"Concept of Basic Defense Power" Has Aspect Different From Military Expansion Plan

Going back a page in history, let us view the background from which came the financial control stipulation of "within 1 percent of the GNP", the "Outline of the Defense Plan" which formed that basis, and in addition, the defense concept called "Basic Concept of Defense Power."

As previously stated, demarcated by the conclusion of the Indochina War in 1975, the U.S. Government made a change in the fundamentals of its Asian-Pacific strategy in the direction of anti-Soviet nuclear deterrence, prevention of Soviet naval and air war power from advancing to the open seas, and a NATO type collective defense by the "Western nations" of the Pacific Rim. The Miki-Ford talks and Sakata-Schlesinger talks which occurred the same year served the role of creating a framework for the application of a new security. On the one hand, at the U.S.-Japan Defense Conference Prime Minister Miki, Japan Defense Agency (JDA) Director General Sakata, and Defense Administrative Vice Minister Kubo, the man in charge of the administrative work, were the men concerned who simultaneously established in domestic defense policy "peacetime defense power" with a basic defense concept, Outline of the Defense Plan, and defense expenditures within 1 percent of the GNP. What in the world was the reason for this difference in level of perception or external/internal shift that appeared in U.S.-Japanese policy starting in the same period? For what reason was there established at this time a defense policy that was clearly different in nature from the U.S. Government perception of the situation? The key to solving that is the domestic situation at the time.

The "Basic Concept of Defense Power" represented by the Outline and 1 percent GNP was not affected by the post-Vietnam change in the international situation

and consequently was more prescribed by the domestic political and financial situation of the "post-4th Defense Plan" and the "arrival of a secure growth period" than a U. S. Government counter-theory to the "Soviet threat." The 5-year system of Defense Buildup Plans that continued from the First to the Fourth had swollen the budget scale to the extent that it was a "doubling game" and criticism of military expansion without brakes, centering on weapons procurement, was increasing among the people. At such a time, the oil shock from the end of 1973 to 1974, along with making a five-year fixed long-range policy infeasible following the 4th Defense Buildup Plan, gave the Government the opportunity to review the routine military expansion budget.

The basic defense concept, which was named "peacetime defense power," was born from the background of such a period. Consequently, it cannot be denied that the basic defense concept, which eventually was changed into policy in the form of an "Outline" with a financial limit of within 1 percent of the GNP, while in itself having the character of a "defense buildup plan," had an aspect different from the military expansion plans up to then in that it included the trends in public opinion and the financial situation. At the least, in it can be read evidence of a desire at work toward Japan establishing its own policy and perception of the situation in Asia and the Pacific.

The Defense White Paper (officially, the 1976 and 1977 editions of "Defense of Japan" [1976 and 1977 in the title]) allotted a major portion to the process up to adoption of the "Basic Concept of Defense Power" (mainly 1976 edition) and a detailed explanation of it (mainly 1977 edition). Reading this, it can be understood how a defense policy beginning with a limit of 1 percent of the GNP was formed under the perception of what kind of issues.

JDA Director General Sakata (at the time), in his "Remarks on the Publication" in the 1976 edition of the White Paper described the process up to establishment of the basic concept on defense power as "a new attempt at policy decision-making." The gist of that is presented as follows.

"With regard to defense, it is not considered illogical that policy in the past has been decided solely by a closed process in JDA alone. That probably has been due to the extreme opposition of opinion by the parties out of power. Another factor probably has been that quite a few matters must be secret. However, the people are uneasy and have doubts just by being uninformed in this way and more than the details, are opposed to the procedures and handling itself. Since it happens to be the period for establishing the defense buildup plan to follow the 4th DBP, the concept and draft will be placed before the public at various stages and based on the varied opinions gathered from various circles and levels of people, the draft will be further mulled and again presented to the people. Done in this way, the major opinions and desires, dissatisfactions and oppositions of the people can be grasped rather accurately."

Such "self criticism" of the Government regarding defense policy also was mentioned as "Reconsiderations Concerning the Present Status of the Self Defense Forces" in the "Background for Adoption of the Basic Concept of Defense Power in the following 1977 edition of the White Paper (published in the era of Director Asao Mihara). There it was stated with exceptional

frankness as a Government document that "various reconsiderations have arisen within Government departments concerning realities of the present status of the Self Defense Forces." It is mentioned in the background on the adoption of the basic concept of defense aimed at establishing a national consensus that "On the one hand, cries have arisen in some sectors about 'how large will Japan's defense power become?' " Consequently, although the basic concept of defense has the basic character of a "defense buildup plan," it is epochal in the history of defense policy in that it has broken ground as "a new attempt at policy decision-making" taking in to account these trends in public opinion and also in the sense that due to this, a defense cost limit of "defense expenditures within 1 percent of the GNP" has been indicated that is easily understood by the people.

Financial Control Has Importance Beyond A Yardstick

As already has been seen, the 1 percent GNP limit, the Outline of the Defense Plan, and the basic concept of defense power are in a "triumvirate" relationship. The basic concept of defense power can be termed as a defense strategy, the Outline as defense policy, and the 1 percent GNP limit as the expenditures. They are the various parts of a linked policy and discussing one alone separately or substituting only a part is impossible.

Moreover, the defense concept which created this 1 percent GNP limit, along with having the special character of the policy work being conducted from beginning to end under civilian control (or because of that very fact), also has the special character of maintaining a keynote which stresses extrication from threat theory, a detente (easing of tension) direction, and a non-military element, and is not considered as a "threat estimate" under uniform control. Director General Sakata has stated that "at the present time, the maintenance of national peace and security has become possible to attain not just by defense power alone, but by prevention of war beforehand by stressing non-military elements such as promoting international cooperation through diplomatic efforts, upgrading the stability of internal politics, and developing science and technology, the economy, and industry." (1976 edition of White Paper "A Word About The Publication"). First of all, there is no mistake that the "numeralization" of this basic perception was 1 percent of the GNP. Therefore, the loss of the 1 percent GNP brake cannot help but be tied to meaning more than the mere forfeiture of a financial control standard.

The basic concept of defense is based on the following perceptions of the international situation (1977 edition of White Paper "Outline of Defense Plan").

A. The U.S-Japan Security structure will be effectively maintained in the future

B. Both the United States and the Soviet Union are trying to avoid a nuclear war or a large-scale military conflict where there is fear of it developing into one

C. Even though Sino-Soviet relations have partially improved for the time being, a fundamental solution to their opposition probably will not be reached

D. U.S.-Chinese relations probably will continue with a mutual reconciliation of relations in the future

E. The Korean Peninsula has changed for the most part with the present situation and at least there probably will be no great military conflict

With this grasp of the general international situation, it has been judged that there is no possibility of a large scale invasion of Japan. The defense power which Japan should possess is not preparation to resist an impending threat from a specific country. The position of basic defense power is "to prepare in peacetime for aggressive actions which are difficult to discern beforehand, or in other words for aggression conducted by surprise with the armament posture just about as it is and no large scale preparation conducted." It is the notion of "what peacetime defense power should be" (1976 White Paper) based on "peacetime concepts" because it is preparation for limited and small scale "aggression conducted by surprise" and because is not war power "to resist a threat," unlimited enlargement is impossible. It can be said that the theoretical basis for setting a low, fixed maximum of defense expenditures within 1 percent of the GNP lies here.

While on the one hand seeking this consensus of the people, there is no mistake that JDA authorities sensed that a defense concept based on "peacetime concepts" will cause thoughts of displeasure on the part of the U.S. Government which is a partner in the Security Treaty. In the 1976 White Paper, the following is stated to deny a "theory of taking a ride on security" in that "small defense expenditures" does not mean that Japan's contribution to international peace is small. It is a magnificent argument.

"Since the percentage of defense expenditures is extremely low in Japan, although it is 6 to 7 percent in the United States and 3 to 5 percent in the various NATO countries, there is criticism by foreign nations that Japan is only riding on the U.S.-Japan security system. Also, although Japan depends largely on international peace for its development and prosperity, it partially indicates that it has left entirely up to other nations the handling of conflicts in various areas of the world and the maintenance of international peace."

"Japan, however, has placed the emphasis of its policy on contributing to the maintenance of world peace through various non-military methods such as diplomacy and economics. Also, Japan has expended its defense efforts within the scope of self defense, based on the perception that the stability of its own nation is indispensable for the stability of Asia. This probably is an independent direction for Japan, but the people of Japan are probably supported by many Asian nations."

The view of security expressed here clearly is different from the attainment of defense efforts as "a member of the West" and the perception of "a

U.S.-Japan community bound by fate" being promoted today under the Nakasone Regime. The "emphasis of non-military methods" and the "independent direction for Japan" themselves form the "basics" of the basic concept of defense power. They by no means have been devised as a political compromise or temporary expedient. They were created from the process of Diet controversy and compilation of two Defense White Papers from 1972 to 1976. Nevertheless, the basic concept of defense now is considered the basis of defense policy. Also, although defense expenditures within 1 percent of the GNP are tied in a close, inseparable relationship to basic policy, the present defense debate that is unfolding and the campaign to exceed the 1 percent GNP limit are not concerned with this "historical importance," and they are wholeheartedly trying to demolish financial brake measures by responding to pressures of the U.S. Government as if it were international opinion and rebuking the low figures as "absurd," and thus put an end to the basic concept of defense. We must consider that there is no possibility of "a new brake policy" becoming a brake in view of the fact that the majority of people who are advocating "a new brake limit in place of it" are advocates of "threat resistance theory" and "member of the West" rather than "non-military methods" and "an independent direction for Japan."

III. Military Power Deviates From National Goals

Debate On "1 Percent Limit" Has Reached A Peak

Based on the formation process of the 1 percent GNP limit which has been viewed up to now as well as the unity of the "basic concept of defense power" and "Outline of the Defense Plan," let us readjust to the present situation in taking up these issues.

As is known, the issue of the 1 percent GNP limit suddenly has surfaced as a "domestic" political issue because on the occasion of budget compilation these past few years, the 1 percent "ceiling gap" of the budget draft is becoming smaller. Particularly on the occasion of compiling this fiscal year's budget, the gap of the "budget" and the "limit" of 0.997 percent, 8.9 billion yen to the 1 percent limit, has been narrowed. In establishing the Mid-term Operations Estimate (called the Fiscal 1986-1990 Mid-Term Operations Estimate) which is the basis for the budget requests for the next five year period, the task has proceeded viewing it as naturally exceeding the 1 percent limit. It can be said that the function of the 1 percent limit has been ignored as a restraint condition by the administrative affairs level.

In the midst of this, a private organ of Prime Minister Nakasone, the "Research Committee on Peace Issues" (Chairman, Masaaki Takasaka, Kyoto University professor) submitted a report in December 1984. In Chapter 5 it is recommended that "a review be made of 'The Present Provision of Defense Power' decided by the Cabinet on 5 November 1976, which set the so-called 1 percent goal" in "determining the cost for national subsistence." By this, the 1 percent GNP issues has come from a campaign level to appear on the political stage as an actual topic. Up until the time of executing the fiscal 1985 budget, although implementation of a raise in basic wages was included in the budget, the prospect was that it would barely stay within the 1 percent limit. However, in the fiscal 1986 budget, which is the first year of the 1984

Mid-term Operations Estimate, it is completely unpredictable. In that sense, the issue of the 1 percent limit will peak in the next half year.

Criticism of Three Arguments Which Urge Abolition of "Limit"

Arguments urging the abolition of the 1 percent limit can be considered as largely divided into three categories. The first, advocated by government and defense-related people, uses the reason that "it cannot stay within 1 percent if we are to attain the level of war potential established in the Outline." The premise here is that the "Outline" should have priority over the "1 percent limit" and also that the two are separable. The second is the opinion that "1 percent of the GNP is not an appropriate figure and compared internationally, it is in no way equivalent for a nation such as Japan." The report of the Research Committee on Peace Issues also follows this line. Third is the assertion urging "defense expenditures corresponding to the amount of threat and that with a war potential dependent upon defense expenditures within 1 percent, a Soviet threat could not be resisted at all." Typically, it is probably the assessment that "Japan's contribution is the minimum or the closest to it" which is seen in the U.S. Defense Department's annual report "Contribution of Allies Concerning Joint Defense." In any case, more and more force is gathering as strong pressure to get rid of the 1 percent limit.

The theory in No. 1 about the separability of the "Outline" and the "1 percent limit" already has been sufficiently shown not to have any basis. The relationship of both is that of policy and cost. The argument that an order of priority order has been set and they can be severed for the sole reason that the latter was determined a week later must be called a rather loose assertion that lacks persuasiveness. First of all, viewing only the "Outline" and the "1 percent," the "Outline" and the tables based on it (maximum quantity to possess such as ships, aircraft, and tanks) are determined by the Cabinet. One week later, the "1 percent" is determined. There is no problem about the circumstances of enactment itself. However, if the situation at the time is investigated further, in the Government departments there are considerations of being "within 1 percent" way before the "Outline" is decided, which can point to the fact that it signifies a restraint condition on military expansion to the people. In other words, to speak of a priority order with time of establishment, the general idea is that the 1 percent GNP limit is established prior to the "Outline."

JDA Director General Masuhara, on 1 February 1973, announced in the Diet "the goal of defense power in peacetime." This was the launching of the so-called Nakasone concept of the previously appointed JDA Director General Nakasone "to ensure air superiority and control of the seas in the areas surrounding Japan." Since there was criticism both at home and abroad of a "revival of militarism," it was proposed in the form of a JDA view at the stage of working out the "post-4th Defense Buildup" with the objective of settling these issues. The following was stated in No. 4 of the view. "The premise of defense power in peacetime is that provision must reasonably be made under an environment where it is difficult to recruit personnel and acquire facilities, and in addition to controls in the Constitution and policy, it is

anticipated in particular that expenditures will be appropriately regulated within the scope of 1 percent of the GNP."

At a point close to 4 years back in time when the "Outline" was established, the brake policy of "defense expenditures within 1 percent of the GNP was expressed as a JDA view. Moreover, the basis was considered the limit of defense power permitted by "controls in the Constitution. Therefore, if it is a question of the priority order of the "Outline" and "1 percent," it is clear time-wise that the "1 percent" must have priority. Attainment of the level of weapons indicated in the "Outline" tables is best expressed more or less as being locked by a key called "within 1 percent of the GNP."

If the Japan Defense Agency proposes supremacy of attainment of Outline levels, it should put together an Outline level attainment program with a budget within 1 percent and present it to the people and the Diet. Therefore, as JDA Director General Kato stated in the Diet (House of Representatives Special Committee on Security, 17 April 1985), "Attainment of the level of the Outline of the Defense Plan in the 1984 Mid-term Operations Estimate is expected, but operational aircraft will be short of the Outline table, and a balance of frontline and logistics is necessary. To speak intuitively, it is not easy to do it within the scope of 1 percent of the Gross National Product." This response clearly must be termed an argument putting the cart before the horse. The Japan Defense Agency should have being within 1 percent of the GNP as its supreme objective. It is unpardonable to "eliminate the obstacle" on the pretext of attainment of the Outline level.

Report on Research of Peace Issues Lacks Official International Perception

Next, an argument to abolish the 1 percent GNP limit is an assertion based on an international comparison of national defense expenditures. A section of the report to the Prime Minister by the Research Committee on Peace Issues previously introduced is written as follows.

"The general principle of the so-called 1 percent goal (details of Cabinet decision are stated) is considered an expression in concrete form that there are tentative objective levels in the provision of defense power and was established by common sense, so to speak. It was not calculated by international comparison, and it was not derived from economic liability principles. Even if there were a difference of about 0.5 percent of the GNP because of differences in calculation standards, it is very rare for a nation to have the percentage occupied by defense expenditures in the GNP be less than 3 percent and there is no equivalent at all to a country with 1 percent."

Thus, as a result, consideration is given to "a review of the 'Present Provision of Defense Power,' the Cabinet decision on 5 February 1976 which set the so-called 1 percent goal." From the outset, the military expansion campaign, which is based on international comparisons, has been spread in the form of "Japan's common sense, the world's irrationality" and that is not particularly surprising, but the danger of this method is that it results in reduction of figures. The circumstances peculiar to that nation or the local situation in that country end up being overlooked and errors are apt to be made in dealing with the figures. The report on Research of Peace Issues,

while having the outer appearance of authority in reporting to the Prime Minister, is trying too much to prove the low Japanese defense effort and is dealing with the figures too roughly. Japan's GNP ratio defense-related expenditures is perceived to be at a low level compared to numerous foreign nations (and that is not a "reluctant result," but a "planned objective"). International comparisons must be seriously and consummately observed.

It is unknown what text has been used for the international comparisons of the Research on Peace Issues, but let us attempt some international comparisons of the "1 percent GNP" based on "World Military Expenditures and Weapons Transfers 1972-1982" published in April 1984 by the Arms Control and Reduction Office of the U.S. Government. Is it really "unusual for a nation to be under 3 percent and is there no equivalent at all of a nation at 1 percent" in the GNP ratio to defense-related expenditures?

In this document, data such as military expenditures, troop numbers, GNP, government budget, and population are indicated for 145 countries. The GNP ratio and budget ratio of military expenditures, and the population ratio of troops are computed. According to that, four[teen] countries or about 10 percent are nations at the 0 percent level or less than 1 percent (Japan is 1 percent). By no means is it a case of "there being no equivalent at all of a nation with 1 percent." Although Iceland and Gambia are exceptional with 0.0 percent military expenditures or in other words, no military and zero budget (there is not doubt, however, that the Japanese Constitution is directed at this), the report has not touched on such facts that Brazil (0.7 percent GNP in 1981), which has a population greater than Japan, and the large oil nation Mexico (0.5 percent GNP in 1982) exist (in addition to the above nations, those at the 0 percent level are Costa Rica at 0.6 percent, Columbia at 0.8 percent, Ghana at 0.5 percent, Mauritius at 0.3 percent, Nepal at 0.9 percent, Niger at 0.9 percent, Sri Lanka at 0.5 percent, Trinidad and Tobago at 0.6 percent, Uganda at 0.9 percent, and Panama at 0.9 percent).

Also, the report states that "nations with the ratio of defense expenditures occupied in the GNP under 3 percent is very rare," but according to the statistical survey of the U.S. Government, there are 21 nations at the 1 percent level (1.00 - 1.99 percent) such as Japan and Austria, and 22 nations at the 2 percent level (2.00 - 2.99 percent) such as Canada and Italy. In other words, the report on Research of Peace Issues has judged that the existence of over one-third of the nations of the world is "very rare" and using that as an argument, justifies "abolishment of the 1 percent limit." This cannot be called an accurate survey at all and consequently, it cannot be called an official report.

Furthermore, not only is it difficult to make a very fine comparison by this report's method of citing figures, but there is the drawback of easily being trapped into confusion using figures. Of course, the military expansion situation is a worldwide trend and it is estimated that a 6 percent GNP is the total world average for military expenditures (aforementioned U.S. Government report). However, that is after all an average and if regional characteristics are viewed, the average values such as for the various European countries (7.3 percent) on the frontline of the East-West conflict

and for the various Middle East nations (15.6 percent) which should be termed a den of regional conflict serve to push it up greater.

East Asia where Japan is located is 3.6 percent and ranks with the Oceanic nations in the immediate vicinity (2.4 percent) and the Latin American countries (1.8 percent). Viewed from the "common sense of the world," it belongs to a region where military expenditures are slight and an accurate image cannot be grasped measuring it by the yardstick of "cold war considerations" or "proxy war considerations." Rather, since Japan's total GNP is one of the largest in the world, the case is common for its defense expenditure of about 1 percent to exceed the total GNP of a nation, measured by the yardstick of Asian and Oceanic nations, and a viewpoint conforming to the region itself should be important. Such methods of thought originally were considered necessary for "security," but the international perception of people aiming to exceed the 1 percent GNP limit lacks attention to the neighboring countries and must be called an attitude supported by major nation consciousness and an upward direction.

"The 1 Percent Theory As A Model" Does Not Reflect Actual Situation

Another factor that cannot be forgotten in making an international comparison of this issue is the fact that the "1 percent GNP as a model" and "1 percent GNP as an actual situation" are by no means the same. In other words, the general notion of "1 percent of the GNP" that has been used as a symbol of "a principle which should be safeguarded" and "a policy which should be maintained," actually is not appropriate as a yardstick which can be used for international comparisons. If the GNP ratio is sought which is commonly used in "popular world terminology," Japan's defense expenditures have quickly exceeded the 1 percent limit and now are approaching the 2 percent level. The very existence of "another GNP ratio" as reality is important. Those who argue for abolishing the 1 percent limit sometimes ignore that there are "two GNP ratios" and sometimes promote an argument that confuses them.

As cited earlier, Japan's defense-related expenditures, just in viewing general account budget documents, has a GNP ratio of 0.997 percent at 3,137,148 million yen this fiscal year -- explained as "the necessary expenditures for implementing administration accompanying the stationing of foreign troops based on the treaty, along with managing and operating the Self Defense Forces as well as conducting the administration related to this with the objective of safeguarding the peace and independence of Japan and maintaining the security of the nation." -- and a national argument has been raised surrounding exceeding the 1 percent limit. There is an aspect to this which can be called the "1 percent theory as model" or "1 percent as a symbol." Efforts to stop military expansion should, of course, be concentrated here but at the same time, this "1 percent" is only an internal figure and it must be known also that as an actual indicator of military expenditures, it has become a figure which does not reflect reality.

Why do "two GNP ratios" exist? There are several reasons, but first of all, it was due to the temporary cessation of Japan's military organization by defeat in the war, and the Police Reserve Forces -- Self Defense Forces that were established following a void of five years did not inherit "the legacy of

the Imperial Forces" as the personnel and traditions are different. In other words, as opposed to many nations, including the United States, who pay pensions to retired military who were in the Second World War or to their survivors from the national defense budget, Japan does not.

Taking a look at the budget for this fiscal year, for example, 1,578,693 billion yen was appropriated as "pensions for surviving families of Imperial Forces, but it is the General Affairs Agency of the Prime Minister's Office which has jurisdiction, not the Japan Defense Agency. Also, there is 149.95 billion yen as "Aid For Surviving Families And Families With An Absent Head Of The Household" based on the Law of Aid to Surviving Families of War Invalids or Those Killed In Action and the Law of Special Aid to War Invalids, but these are under the jurisdiction of the Ministry of Health and Welfare. In either case, account processing is by a separate limit from "defense-related expenditures." Since it is over 1.7 trillion yen totaled together, it is not a small factor in pushing up the GNP ratio of defense expenditures when calculated the same way as numerous foreign countries.

In addition, there are the expenditures of the Maritime Safety Agency. The power possessed by the Maritime Safety Agency, which was created with the U.S. Coast Guard as a model, is considered as "a part of the military" and in major military yearbooks, including "Military Balance," (a British international strategy research publication), categorize it as "quasi-military." It is the same as the Border Guard attached to the Soviet KGB which have deployed in the Northern Territories, which JDA treats as "part of the military." Since there are no organizations like the Maritime Safety Agency in Europe, patrol of territorial seas and rescue have become the work of the Navy. In the NATO method of calculation, these expenditures naturally are included in "defense-related expenditures." However, the Maritime Safety Agency budget of 117,207,415,000 yen (this fiscal year) has been appropriated under the Ministry of Transport's jurisdiction and not considered a defense-related expenditure. This, too, is "the common sense of Japan alone."

In addition, the space development in the United States and various nations of Europe, has a relationship of being conducted by military leadership and it is common for this type of budget to be categorized as a defense budget. In Japan, however, research and development in this field is limited constitutionally to peaceful objectives and objectives determined by the Diet, and space development-related expenditures (97,004,300,000 yen this fiscal year) are incorporated in the Science and Technology Agency budget.
It is exactly true that many Japanese people do not view the Maritime Safety Agency as quasi-military and they do not regard (nor do they desire) space development as a military objective. On the other hand, however, if a comparison is made of the "actual GNP ratio" by an international yardstick, the true life-size form of Japan's defense expenditures will not surface if these expenditures are not entered into consideration.

When the above expense items are totaled, it is about 1,943 billion yen. The grand total with the more than 3,137.1 billion yen in the JDA budget reaches 5,080.1 billion yen. This "actual GNP ratio" is at the 1.8 percent level and in comparing amounts it stands shoulder to shoulder with West Germany (7.1 trillion yen) and Great Britain (6 trillion yen). In a key note address at

the 3rd United Nations Peace Assembly and Peace Symposium in October 1984, the former United Nations Ambassador Masahiro Nishibori stated that "the GNP ratio of defense expenditures reached 1.56 percent according to NATO standard methods at a point in time 7 years ago (1977)." This was a calculation that incorporated the figures cited above and, the Government was indicating that it already had prepared at that time another GNP ratio for "use in foreign explanations."

Knowing this "actual GNP ratio," assertions such as the report of the Research Committee on Peace Issues that seek abolition of the 1 percent GNP limit based on examples of foreign nations ought to be criticized for being a so-called two-fold confusion in comparing the "nominal value" of Japan with the "real value" of foreign countries and further, in depicting the GNP ratios of foreign nations larger than in reality.

Power of Japan Seen in Military Consultation With Department of Defense

Finally, let us take up the request made by the U.S. Government to abolish the 1 percent GNP limit in the expression, "the level of contribution of the Japanese defense effort is the lowest among the allies, or closest to it." The basis here is the annual report "Contribution of Allies Concerning Joint Defense" published by the Defense Department since the Reagan Administration came into power. In other words, it is best called "military service consultation" for Japan and the NATO allies by the U.S. Government.

Japan did not receive this type of "military service consultation" from the outset. That is because the U.S.-Japan Security Treaty, which is different from NATO treaties, is not purely a military treaty. Also, Japan is a nation with a peace constitution as its basic law and the three non-nuclear principles as national policy, and in the Defense White Paper cited before, "the maintenance of peace and security of the nation which seriously considers non-military elements" is proclaimed to be the national objective.

Nevertheless, the U.S. Government has complained loudly that Japanese efforts are inadequate and has come to seek an attainment schedule by consultation. The Japanese side -- as seen in a series of speeches by Prime Minister Nakasone, has no less than taken an ingratiating attitude of conforming to the U.S. Government anti-Soviet view and perception of the military situation. In other words, the Japanese side has ventured to seek U.S. reprimand and is using that pressure as its own energy to abolish the limit.

Following the United States, the report takes up 14 nations of the NATO alliance and Japan. First of all, in order to grasp objectively the degree of contribution of each country, a ranking has been made of each nation's contribution capability based on population share, GDP (gross domestic product), and "prosperity index" in the conception of the U.S. Department of Defense. Next, in addition to indicating the "actual manner of contribution," a "comparison of the contribution capability of each nation and its actual contribution" or, in other words, a final evaluation is set down.

Looking at the 1983 edition of the report, whichever is taken, the population, GDP, or prosperity index, Japan is ranked in second place among the 15 nations, following the United States. In spite of that, in "manner of real contribution," it is placed in the middle ranking group and falls to "the lowest or closest to it" in "comparison of capability and contribution method." The U.S. Government argumentative basis that "Japan has not fulfilled a contribution befitting its capability for its allies" lies here.

Truly, so long as the standpoint of the U.S.Government is followed, that view will be appropriate but what should be noted in this report is that Japan's military power evaluated by the U.S. Department of Defense is a military comparison with "Western nations" and it is a fact that it occupies a position in the middle or above. The U.S. Government compiled the report with the objective of drawing out more Japan's degree of military contribution. That, unwittingly has become "reverse instruction" teaching Japan how to create a military power overstepping national doctrine and national objectives with an expenditure of a slight 1 percent.

The ranking in various types of indices showing "method of real contribution" is below.

Share of national defense expenditure: 3.80 percent -- 5th place following the United States, Great Britain, France, and West Germany

Increase/decrease in national defense expenditure (1971 - 1981) 85.14 percent increase -- 3rd place following Greece and Turkey

Share of active service troops 3.5 percent -- 7th place following the United States, Turkey, France, West Germany, Great Britain, and Italy

Share of land troop strength (converted to troop strength comparable to armored division) 5.79 percent -- 5th place following United States, Turkey, West Germany, and Italy

Share of Air Force tactical fighters 3.88 percent -- 8th place following United States, West Germany, France, Great Britain, Italy, Greece, and Turkey

Movement to Safeguard Constitution Facing Crucial Moment

Can these rankings be called "an honorable position in international society" as indicated in the Japanese Constitution?

As a grim fact, however, such war potential already has materialized by military expenditures within 1 percent of the GNP, and now they are trying to remove even that limit. The reports "Evaluation of Japan" states as follows.

"The 1976 Outline (Note: Outline of Defense Plan) has not taken up the necessity of sea lane defense, a serious issue for Japan's sustained war capability and on other points also, it has become very outdated. ...The United States embraces great hope that the Prime Minister (Nakasone) will move from speech to action, particularly with regard to Japan having a true self

defense capability, including sea lane defense capability, by 1990." -- It appears to be a determined statement for abolition of the 1 percent GNP limit by the Ron(ald Reagan)-Yasu(hiro Nakasone) Alliance.

It is anticipated that internal and external pressures surrounding the issue of the 1 percent GNP limit will become more intense in the future. The compilation of the next fiscal year budget, the first year of the 1984 Mid-term Operations Estimate should be the turning point. Forces aimed at abolishing the limit will probably remove the large brake on defense policy by a large attack "with the Ron-Yasu Alliance as a barrier and with the threat of the Soviet Union" as bullets," today's version of "with the throne as a barrier and with the Imperial proclamation as bullets" which Yukio Ozaki, called "the god of constitutional policy" previously criticized the arbitrary methods of the Military Department's budget acquisition. Will the forces safeguarding the Constitution be able to withstand that very well? To say that it is questionable is not an overstatement.

Finally, I would like to cite a section of Adam Smith for the conservatives, who have no theoretical basis for policy to limit defense expenditures to 1 percent of the GNP.

"Among the civilized peoples of modern Europe, whatever the country, according to normal calculations, if over 1 percent of the residents are used as soldiers, the nation that pays the expenses for their military service will collapse without fail." [The Wealth of Nations on defense]. It is necessary to get a better grasp of the status of military expansion in the world by replacing "1 percent of the residents" with "1 percent of the GNP" and establish a choice of anti-military expansion and arms reduction for Japan.

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PLANS FOR WOMEN'S LABOR ADMINISTRATION IN 1985 REVIEWED

Tokyo RODO JIHO in Japanese Apr 85 pp 14-17

[Text] Japan's economy is at a big turning point; structural changes are taking place, such as the economization of services, the technological revolution centered on microelectronics, and the shift toward an aging society.

Also, with the change in the life cycle (due to the increase in the average life expectancy, and the drop in the birth rate), and the higher level of education, women have a stronger desire to participate in society. Particularly noticeable is the increase in their desire for employment. Amidst these changes, the number of working women is on the rise; they number more than 15 million, and now account for 36 percent of the total work force. This percentage is increasing every year. Women have come to play a big role in Japan's economic society, since they are working longer, and they are employed in a wider range of jobs.

Furthermore, the make-up of working women is changing; 70 percent of them are married, and their employment patterns are diverse. There are career women, and those who go back to work after stopping temporarily to get married or have children. In addition, there is a conspicuous increase in the number of women who work part time; there are new types of employment, such as dispatched work or employment at home.

Internationally speaking, this is the last year of the UN Decade of Women. During this time, there have been positive developments of activities aimed at attaining the goals of the "World Action Program," and an "Action Program for the Latter Half of the UN Decade of Women." This September the "World Conference to study and evaluate the results of the UN decade of women--equality, development, peace" (hereafter referred to as the "World Conference on Women") is scheduled to be held in Nairobi.

Given the internal and external conditions of countries like Kenya, this year we must review and try to achieve the remaining goals of "domestic action programs" and "place importance on the latter part of 'domestic action programs' to promote measures concerning women." We must also aim at future development and try to promote related measures. The main goal

of the latter half of the domestic action program is to lay groundwork, such as enacting domestic legislation, for ratifying the "Treaty to Abolish Every Kind of Discrimination Against Women" (hereafter called "Treaty to Abolish Discrimination Against Women"), which Japan signed at the 1980 world meeting.

As part of the groundwork for ratifying this treaty, the Ministry of Labor presented the "bill concerning preparation of Ministry of Labor-related legislation to promote equal opportunity and benefits for men and women in employment" (hereafter called "Bill for Equal Employment Opportunities for Men and Women") to the 101st Diet session, and this continues to be deliberated in the 102nd session. The most important topic in the FY85 women's administration are the early enactment of this bill, and the development of activities to educate people about the content of this bill (in view of putting it into practice on 1 April 1986).

While trying to grasp the situation of female workers, with the diversification of their employment patterns and types of employment, we need to make preparations concerning the employment of women (i.e. promote measures to improve working conditions for part time workers, and promote a system of leave for caring for children.)

Along the lines of this thinking, we are promoting the FY85 women's administration.

I. Developing Educational Activities in the Last Year of the "UN Decade for Women"

Along with carrying out activities in all areas in order to achieve the remaining goals of the latter part of the "UN Decade of Women" and the domestic action program this year, which is the last year of the decade, we need to review the results of the various activities of the past 10 years, and, bearing in mind the results of discussions at the World Conference on Women, study how to proceed. For this reason, we will enact the following measures.

1. Holding a Women's Week

In order to create a social opportunity aimed at realizing equality between men and women in all spheres, which is the goal of the Treaty to Abolish Discrimination Against Women, the theme of the 37th women's week will be "joint participation of men and women in every sphere." In addition to holding various activities such as lectures and debates at the Municipalities Women and Youth Office (hereafter called "the office"), we will urge public organizations to deal actively with this issue.

2. Holding of Japanese Women's Issues Conference

In order to promote voluntary activities by individuals and groups concerning the investigation, research, and status of women's issues, and to announce

and discuss the results of these activities, we will hold the 10th women's issues conference, with "joint participation of men and women in every sphere" as the main topic.

In addition to this, we will hold a conference at "the office" on improving the position of women. Also, to promote participation by women in policy decisions, particularly participation by women in public office (such as appointments of women to deliberative councils and the like), we will take every opportunity to familiarize people with the issues.

II. Promotion of the Policy to Guarantee Equal Opportunities and Benefits for Men and Women in the Area of Employment

We will prepare legislation in an attempt to realize equal opportunities and benefits for men and women in employment, and to lay groundwork for the ratification of the "Treaty to Abolish Discrimination Against Women." We also will actively develop activities to educate people of the need for legislation and its content. In addition, we will give guidance to improve the management of women's employment.

1. Preparation of Legislation to Guarantee Equal Opportunities and Benefits for Men and Women, and Familiarizing People with Such Legislation

We hope for early enactment in this Diet session of the "Treaty to Abolish Discrimination Against Women," which is being deliberated in the 102nd session of the Diet. After legislation is enacted, with the cooperation of concerned administrative organizations, we will carry out special activities to familiarize workers (and those concerned) with the need for this bill, and with its content.

2. Promotion of Administrative Guidance to Improve Management of Women's Employment, such as Abolition of the Different Retirement Systems for Men and Women

With regard to abolishing the different retirement systems for men and women, we will bear in mind the improvements thus far, and considering that discriminatory practices in retirement dismissals are prohibited in the bill, once it is enacted, we will try to link up with guidance by labor-related administrative organizations to extend the retirement age. We will actively promote improvement, and will try to do away with this discriminatory system.

III. Promotion of Measures which Meet the Diversification of Women's Employment Patterns, Including the Promotion of Part-time Labor Measures

Recently, with the changes in the life cycles of women, and their increased desire to work, employment patterns are becoming diverse; there is an increase in those who are employed over long periods of time, and there is a remarkable increase in those who are re-employed.

In particular, along with promoting measures for part-time workers (there is a remarkable increase in the number of housewives who work part-time), and measures to aid women in finding employment, we will carry out investigations and research concerning measures to aid in re-employment.

(1) Promotion of Part-time Labor Measures

a. Establishment of a Part-time Workers Week

Beginning this fiscal year, we will establish a part-time workers' week the beginning of November, and, with the cooperation of the Labor Standards Bureau and the Employment Stability Bureau, we will educate people about the guidelines for part-time work.

b. Surveys and Research Concerning Part-time Labor

To understand the working conditions of part-time workers and their employment management, we will carry out surveys of the situation, and will endeavor to collect information concerning the trends of part-time work.

(2) Promotion of Measures to Aid Employment of Women

a. Promotion of Work in Establishing Aid for Employment of Women

The employment needs of women are becoming diverse, and are increasing. Nevertheless, most women seeking employment lack information and knowledge about employment. In addition, since they do not have the skills necessary to be employed, they are requesting measures to help them find employment suited to their needs.

For this reason, at facilities which help women find employment, we will promote activities (such as providing technical training courses necessary for employment, and providing a broad range of consultation and guidance concerning finding a job) which take into account economic and social changes, and which meet the varied needs of women looking for jobs.

b. Promotion of Help For Mothers Seeking Employment

For the economic independence and stability of life for mothers, we will establish employment consulting and technical training courses at the facilities which help mothers seeking employment. In addition, with the cooperation of concerned administrative agencies, we will try to familiarize mothers and business proprietors with the various systems which aid in finding employment, and we will urge the general public to understand and cooperate in employing mothers.

(3) Survey and Research on Measures to Aid in Re-employment

Recently there has been an increase in the number of women who quit temporarily when they have children and are raising them, and then want

to work again when the children no longer require so much care. However, when those who have quit wish to start working again, there are not many employment opportunities with the conditions they would like. Furthermore, they have not had opportunities to maintain and improve the appropriate skills, or demonstrate those skills.

For this reason, we will express what special measures we would like for the re-employment of women who have stopped working, and will carry out surveys and research on preparing conditions to make re-employment easy.

IV. Preparing the Environment for Women Workers Who Have Children and Care for Them

Recently, there has been a conspicuous increase in the number of married women who are working. We will try to ease the considerations of motherhood and the burden of childcare for working women who are having children and caring for them; it is necessary to make working life a smooth process. For this reason, we will work to promote the system of leave to care for children, by trying to efficiently use the childcare leave subsidy which was expanded this fiscal year, and we will promote groundwork, such as motherhood health management measures.

(1) Promoting the Adoption of the Childcare Leave System

There is a demand for wider adoption of the system for childcare leave under which working women with infants can take temporary leaves of absence, but this is not spreading quickly. Because of this, we will greatly expand the childcare leave subsidy this fiscal year, strengthen administrative guidance regarding the introduction and adoption of the system through the provision of subsidies, actively make reports on this (centered on Childcare Leave Promotion Week [1 to 10 June]) and try to promote the system.

(2) Promotion of Motherhood Health Management Measures

With the increase in married women workers, and considering the importance of health management for women while they are pregnant, and after giving birth, we will continue to promote motherhood health management measures.

(3) Expansion and Management of Homes for Working Women

As of the end of 1984, there were 180 homes for working women, and an additional 14 homes will be established in FY85.

We will provide guidance for the appropriate establishment and effective management of these homes, based on the "Preferred Way to Set Up and Manage Homes for Working Women" (1974 Ministry of Labor Announcement Number 52).

V. Promotion of Welfare Measures for Workers' Families

With the aging of the society and the increase in nuclear families, issues concerning a worker's family life are becoming more numerous and complex. With this in mind, we will promote a study of measures concerning the welfare of the worker's family (such as the issue of being assigned away from home), and, to contribute to the welfare of the worker's family, we will promote enterprises which utilize the abilities of working women.

(1) Study of Measures Concerning the Welfare of the Worker's Family, such as the Issue of Being Assigned Away from Home

Since being assigned away from home greatly affects the worker and his family, we will carry out research so we can suggest matters the worker and his family should consider, and the response of the worker. In addition, we will grasp the issues the worker's family has, and promote the study of workers' welfare measures.

(2) Promotion of Enterprises which Utilize the Abilities of Women Workers

In order to promote the welfare of women and workers' families, promote the participation of women in society, and contribute to the formation of mutual aid in regions, and in order to try to spread activities of assistance among people in neighboring areas, we will promote enterprises (family service clubs) which utilize the abilities of women workers, such as caring for the elderly and children, and housework.

VI. Promotion of Measures for Housekeepers

Housekeepers are engaged in a variety of jobs, and most of their work is carried out within the home, so improvement of their working conditions tends to lag behind that of workers employed by companies. For this reason, we will focus on the following in order to improve the working conditions of housekeepers.

(1) Planned Promotion of Establishment and Revision of a Minimum Wage

We will work to promote the establishment and revision of a minimum wage, based on the "Plan to Establish and Revise the Minimum Wage," and will attempt to guarantee that the minimum wage decided upon will be paid.

(2) Promotion of Measures to Guarantee Safety and Health

As far as housekeepers engaged in dangerous work are concerned, we will enhance their knowledge of fire prevention, and will try to guarantee their safety and health by promoting fire prevention activities by entrusted groups.

(3) Establishment of Housekeepers' Week

To promote knowledge of the laws, and to promote the improvement of working conditions for housekeepers, we will carry out concentrated activities during "Housekeepers' Week."

VII. Promotion of International Cooperation

Improvement of the position of women, and realization of equality for men and women is being focused on as an international topic; in this, the last year of the UN Decade of Women, a World Conference on Women will be held, and the topic of "equal employment opportunities and benefits for men and women" will be taken up at the 71st ILO meeting (1985).

Furthermore, Japan will continue as a member of the UN Committee on the Status of Women from 1985 to 1988; since international society expects Japan will play a bigger role, we will actively continue to promote international cooperation.

(1) Participation and Cooperation in the World Conference on Women

The World Conference on Women will be held in Nairobi, and it is expected that the main agenda to be discussed will be a review and evaluation of the results of the UN Decade of Women, the future strategy for improving the status of women in view of the year 2000, and concrete measures for overcoming the obstacles in order to attain the 10-year goals.

Japan will actively participate and cooperate to make this World Conference on Women a significant meeting.

Japan will also actively participate and cooperate in international conferences such as the ILO and OECD meetings.

(2) Administrative Seminars on Women

We will cooperate with research enterprises carried out by international cooperation groups, and will continue to carry out administrative seminars on women which focus on women administrators in developing countries.

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ECONOMIC

COMMENTS ON UNDERCURRENTS OF TRADE CONFLICT

Tokyo TSUSAN JANARU in Japanese Jun 85 pp 36-39

[Article by Sachio Suzuki, NIRA advisor, executive director of Tokyo Television]

[Text] There Is a Limit to Import Promotion and Market Liberalization.

Last year, when NTT was still a public corporation, we attempted to purchase a large volume of electrical communications equipment, including telephones, from the United States. However, of the 60,000 units received, more than 4,000 were unusable. There were some that did not measure up to specification and could not be connected to the circuits; there were some that had static and were poor on endurance; and some were difficult to use attesting to the lack of consideration for the user by the maker. These were some of the various shortcomings that were reported.

Arrogant in their belief that in this field their level of technology is highest and that their specification standards are the most rational, the United States side was unable to understand this and were, at the same time, dissatisfied. The minute and rigid specification standards and the inspection methods themselves appear to their eyes to represent trade restrictions. There are telephones in the United States which can be purchased for $30.00. Whether those telephones are good or bad, whether they have a bit of static, or whether they are poor on endurance, the choice is up to the user. As long as they do not damage the circuits, items of various qualities may compete for the market. However, items that cause damage or injuries or which through false advertising cause damages to the purchasers are dealt with severely. This is the American style.

In Japan, because of the bureaucratic professionalism of the administrative agencies and the public corporations, they did not permit the sale or even the use of the products unless they had met or surpassed certain established levels under strict inspection standards. We cannot generally reproach the concerned agencies and public corporations for this. With respect to merchandise in general and services, Japanese consumers and users are exceedingly conscious, to the point of being excessively so, with regard to good quality, purity, ease of use, exterior appearance, packaging and changes in fashion. Even in the purchase of weekly magazines, they will pick the second or third from the top of the stack in order to get a fresh one that does not have the

finger marks of previous persons who may have thumbed through them. At a produce store, the apples that have been shined to a sparkle and the crooked cucumbers do not sell. The retailer responds to this sort of behavior pattern on the part of the consumer with competitive services which can only be described as excessive. In this sort of environment the administrative agencies and public corporations (now the NTT) have no alternative but to do the best they can in the maintenance of quality levels of even a single telephone instrument. (Of course, during the days of the public corporation their poor window services were legendary.) The reason for this is that if something were to happen, the media and politicians magnified the consumers' dissatisfaction.

Furthermore, with respect to consumer actions themselves, the tendency in Japan is strong to leave this matter in the hands of the administrative agencies so they are destined to be placed in a position of being ahead of the public with respect to consumer problems. The differences in "philosophy" concerning "consumerism" between Japan and the United States is not limited to telephone instruments. That difference, in the final analysis, is rooted in the differences in the culture and livelihood and consumer habits of the two countries. Fortunately, the question of market liberalization of electrical communications equipment is headed toward a resolution due to Japan's compromise with respect to inspection standards. However, generally speaking, unless the Japanese make a complete turnabout and adopt an American consumer attitude or, the U.S. industries extend their efforts to sell products more suited to the Japanese market in terms of matching their livelihood and culture, no matter what structural import promotion measures are attempted in an effort to liberalize the marketplace, and no matter how much Prime Minister Nakasone appeals via television,we can say that there is a limit to how much U.S. product imports can be increased.

Verification of a Common Arena

Of course, the author believes that Japan should not skimp on its efforts at market liberalization regardless of what country it is being compared with. Not only does the author believe there is a need to realize zero tariffs on manufactured goods but that there should be more import promotion on intermediate materials as well. With respect to agricultural products, the author is still painfully attempting to understand why there is such a strong resistance by the politicians, the concerned agencies and groups with respect to liberalization and why even the consumer groups are so apathetic.

But, setting these questions aside, whenever an incident had risen in the past between Japan and the United States, the questions of information gap and perception gap were argued. However, in the policy response to economic friction, where should the proble of "cultural friction" be placed and in what framework should the understanding be made? The author himself has been unable, to this day, to sort this out in his head.

From the beginning, this author has looked askance at the arguments which have too easily taken the phenomenon of economic friction between the United States and Japan and tied this to a "cultural friction" based on the cultural differences between the two countries as well as the views that are all too often

expounded based on custom and culture. No matter what the nature of the economic friction, it cannot be denied that in the broad sense somewhere in the background there is involved to a greater or lesser degree some cultural problems. Actually, in the process of formulating policy and in the management of organizations and systems, the differences that can be seen in the operational mode of governments and industry, all have a deep relationship to national characteristics and traditional value concepts. However, both Japan and the United States are countries structured basically on the principle of free economy and are both parliamentary democracies; additionally, with respect to the management of their economies, both have a mutuality of value standards with respect to efficiency, fairness, and impartiality. They also both utilize in various ways modern economic theories and, because they are both countries which have shared a number of successes and failures, ought to have the persuasiveness in their arguments, based on economic value standards, to start seeking rights and wrongs. However, to broaden the scope of the argument from the outset into a cultural confrontation only complicates the problem.

To What Extent Is Mutual Understanding Possible?

At this point I would like to analyze and think about the question of what economic friction is. One form is that in which the market theory is penetrated in a pure manner and at a certain point in time there is a problem of an adjustment in the relationship between the economically strong and the weak. This can be defined as the condition wherein the problem has gone behond the pale of economic theory and must be dealt with as a "political" problem (including diplomacy). However, even in this instance it is probably most correct to approach the problem as closely as possible along lines of economic theory so that in the long term these political solutions are not contradictory to economic theories.

In this case, as long as both parties (countries) hold to the same value standards, there will not be any major deterioration of the situation.

The most troublesome type to try to adjust is one in which the market is not being penetrated in a fair fashion or when one side has the perception that it is being penetrated in an unfair manner. Particularly, when one side proclaims that the development of the strong and the weak is the result of unfair competition, the problem desolves into what is to be viewed as fair and what is to be used to determine unfair. If both parties (countries) in such an instance have complete equality in the field in question and operate under the same rules, then this determination, despite the existence of some discrepency in the political power relationship, can be said to be bit easier to cope with. The difficulty arises when both countries operate under differing rules and systems. And, in this situation, the standards themselves differ on both sides.

While not all of Japan's economic frictions are in this latter category, most do, and in that sense their solutions are difficult. And, if the problem reaches this stage, it becomes necessary to appreciate the economic friction problem as a cultural friction problem. As described in the foregoing, the differences in philosophy and "culture" come into play into the very standards themselves for determining fairness. For example, even in the question of

technology development, the criticism by the United States recently against the Japanese style technology innovation has been particularly strong because Japan has pursued a policy of "not expending time or money on basic research" and instead has devoted its entire energies to product development after purchasing everything from basic research to applied research developed by other countries and using this has overwhelmed the world's products markets. This is a matter that impinges on Japan's group action and averaging philosophy and the educational system as a whole which tries to restrain the individualistic and unorthodox individual and as a matter of course ties into the "cultural" arguments relevant to the creativity of the Japanese people.

With respect to the liberalization of finances, and more recently, even on the question of the manner of increasing domestic demand, the United States has been asking us to use the same policy appreciation or system and structure as theirs. Of these, there are many aspects which, when viewed from the point of normal economic theory, Japan should assume a positive attitude in accepting. However, at the root of the question is the difference in traditional United States and Japanese ways of thinking relative to government and industry relationships or in the general concept of group vs individual and competition vs cooperation, and the degree of esteem given to group agreement to arrive at policy determinations. How much of this can really be understood? It is a difficult problem.

The Foundations of Japanese Style Economic Civilization

But let us get back to the point. I do not intend to develop a detailed definitive argument concerning "culture" and "civilization" at this point. If we are to accept that the religious beliefs, morals and ideology held by the people of a given country as representing its spiritual product and "civilization" to be the technological and material product of that nation, then "culture" takes on the character of being basically non universal in nature and the character of "civilization" is that it is constantly in contact with different things and through this exchange is widening its universality. "Culture" itself through contacts with other "cultures" and through development of "civilization" gradually changes its manifestations over a long period of time but does not undergo any basic changes itself. Today's Japanese civilization, that is, the Japanese type economic civilization, while modelling itself mainly on the Chinese civilization prior to the end of the Tokygawa Shogunate, the European-American civilization after the Meiji period, and particularly after the U.S. civilization following World War II, has developed while preserving the uniquely Japanese aspects of its culture and its essential elements.

Japan has greedily assimilated all of the civilization transfers from the United States and Europe but Japanese culture is a product of long years of melding of overseas cultures into its own to produce its uniqueness. As Nobuyoshi Namiki claims, it has a complicated polytheismic structure in which a multi-faceted sense of values coexist. Because of this Japan has been able to very practically and efficiently absorb foreign civilizations without causing any extreme cultural friction. Despite the fact that from early times Japan had had an influx of various religions, various ideologies and a variety of civilization elements, the Japanese have a strange ability to relativize these religions, ideologies, and elements of incoming foreign civilizations. If I dare say, all of these

things were made a means of making life better for the Japanese and all of the values were put through the strainer of Japanese practicalism ; the Japanese are not adept at giving birth to abstract theories or value systems with high universality such as religion or ideology but have an extreme flair for developing and improving concret things practically.

The Japanese style economic civilization is based on this unique difference in the Japanese type of spiritual culture. However, the question is, to what extent is it universal and to what extent can it influence international society? Also, in terms of trade and capital exchange, while it appears to be challenging the United States type of economic civilization, to what extent, in terms of civilization strength and universality can it line up with the United States type civilization. This is a problem of keen interest.

The Changing Nature of Japanese and U.S. Economic Systems

The unique Japanses government and industry cooperative relationship, the controlled interest structure under a priority for indirect finance, affiliated financing, seniority system, lifetime employment, labor unions by industry or the subcontracting system were, in the past, viewed as symbolic of the backwardness of the Japanese economy. However, in recent years, ever since the oil shock, the situation has reversed itself and these are viewed now as elements which contributed to the good performance of the Japanese economy. But now, what had been viewed as a uniquesly Japanese system is undergoing major adjustments and changes within the environment of such moves as the growing internationalization of financing and the capital market, in liberalization, in the information orientation of the economic structure, in software, even in the growing power of women in labor and attendant changes in the labor market, and in the proliferation of venture business. However, in evaluating this unique Japanese system, it must not be forgotten that this is the product of desperate trial and error on the part of the Japanese, who, at the end of World War II were placed in a difficult economic environment in which they had to find the best and most efficient means of managing their economy and industry without creating undue friction.

Also, regardless of the fact that capital and management separation were the world's norm, the fact that many of the joint stock corporations in Japan eventually became heterogeneous employee controlled entities, in effect, raised the vitality of the industry and the fact that on occasion gave rise to the emergence of powerful financial leaders who were called representatives of big capital and could manipulate politics was beneficial in promoting the cooperation between government and private industry.

Additionally, our skillful differentiation and use of policy stance and true intentions in the application of antimonopoly policies assisted our industry in strengthening its international competitiveness. This too was perhaps the product of the inmate Japanese resourcefulness which cannot be simply set aside with agruments of environment. Of course, today's situation is different. All of these ways of doing things are not going to continue endlessly and actually many are already changing considerably. Rather, for these systems and methods of the past to be revised from the standpoint of changes in economic structure and internationalization is a natural evolvement.

Now, then, one of the characteristics of the spititual makeup of the traditional American is that Americans believe they are "people chosen by God" and "have a special calling to set an example to other nations." Additionally, they have an indifference to history and are prone to forget. At the same time they have an abiding feeling that "Americans should not be judged by the standards of other countries" and "America can never lose and need never lose." This is why a great many Americans cannot accept directions from Japan when Japan, which has different standards from the United States, makes such requests. They, in fact, believe that it is in the best interests of Japan for the United States to point our alternative correct standards to Japan. But, even the United States has begun to show some move to learn some lessons from Japan. Despite the premise that the awareness and system with respect to management and labor relations are fundamentally different, some moves closely aligned to Japanese concepts such as positive responses toward cooperation between management and labor, a groping for adoption of an industrial policy and management organizations designed to work as a group to influence politics have begun to appear. Even though it may not be that these will suddenly develop into a Japanese type system or mode of action, it cannot be denied that Japan's successes have attained a certain level of universality.

At the same time Japan has a number of points it can also learn from the United States relative to such things as policy and structural reform including deregulation and tariff simplification. Even if a drastic single unchecked action similar to the United States may be difficult to achieve, a steady gradual structural reform needs to be undertaken. The problem up to now, in particular, had been that the government's discretionary moves in terms of policy determination and structural management, when compared to European and U.S. moves, were lacking in transparency both in terms of policy objectives and in terms of actual methods. This is not only a difference in the closeness of official and private relationships or in structural practice, there was a lack of coordination on policy objectives and too many easy and dexterous compromises in deference to domestic politics.

Industrial Policy in the Future

The fact that the myth of Japan, Inc, of former days is crumbling and that Japan's policy determinations are becoming a pluralistic decision making system adjusting the views of a number of interest groups is not unknown to other nations. However, because of our generally excessive concern for political harmony, our continued inaction regarding leadershipless economic management will only increase its opacity and will widen the perception gap even more.

Even if customs and cultures differ, in terms of pursuing policies and systems that are compatible with the universality of economic theory, there are many things the United States and Japanese can do in common.

The most desirable situation is for both the U.S. and Japanese economic cultures, with adequate understanding of the limits of each other's universality, to provide each other with the stimulation needed for progress. I wonder if it is not appropriate to reassess industrial policy in the sense of redireacting itself along the lines of bettering such cultural exchanges.

9980
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INCREASING EXPORTS AS KEY TO IMPROVING TRADE WITH JAPAN

Beijing GUOJI MAOYI [INTERTRADE] in Chinese No 6, 27 Jun 85 pp 43-44

[Article by Wei Xiaorong [7614 1420 2837]: "Expanding Exports Is the Key to Improving Trade With Japan"]

[Text] In 1984, Chinese-Japanese trade experienced a very considerable expansion. Everybody is now concerned about the further development of Chinese-Japanese trade. In my opinion, the crux of this matter is to expand our exports to Japan. In our economic and trade affairs as they relate to Japan, it is a matter of primary importance to formulate strategy for exports to Japan, and also to adopt the correct policy and effective measures to ensure the smooth conduct of such exports, to gradually change the commodity structure of our exports to Japan and to maintain our exports to Japan at a high quality. This alone will ensure the sound and long-term development of our exports to Japan.

I. Record Chinese-Japanese Trade Achieved in 1984

According to statistics compiled by the relevant Chinese departments, Chinese-Japanese trade in 1984 amounted to $12,728,000,000, establishing a record in Chinese-Japanese trade and constituting a 40.2 percent increase compared with 1983. In this figure, China's exports to Japan account for $5,354,000,000, a 20 percent increase compared to the previous year, and China's imports from Japan account for $7,374,000,000, an increase of 60 percent compared to the previous year. The rate at which imports and exports increased exceeds the average rate of increase in the last 5 years. China had a negative balance of $2.02 billion in Chinese-Japanese trade relations.

The largest increases in our exports to Japan were registered in the following items: textiles: $545 million, or an increase of 75.8 percent; grain, oil, foodstuffs: $679 million, or an increase of 28 percent; chemical industry products: $2,896,000,000, or an increase of 17.6 percent.

The increase in China's imports from Japan were mainly due to large increases in such commodities as steel products, complete plants, television sets and automobiles. Steel materials, imported and delivered, amounted to 8,339,000 t, or $2,699,000,000. The increases in these two figures, compared with 1983, were 28.9 and 28.8 percent, respectively. This item alone accounted for 36.6

percent of our total import value. Complete plants and technologies, imported and delivered, amounted to $430 million, an increase of 54.6 percent; colored television sets, imported and delivered, numbered 824,000 sets, or $150 million, increases of 6.5 times and 10 times, respectively. Automobiles, imported and delivered, accounted for $190 million, an increase of 3.4 times.

II. Ten Suggestions for the Expansion of Exports to Japan

Chinese-Japanese trade has developed smoothly since the establishment of diplomatic relations, from a total trade value of less than $2 billion to todays's value of $12.7 billion--a 5.35-fold increase--which is a record. Chinese-Japanese trade accounts for one-quarter of China's total foreign trade value and Japan stands in first place among all countries trading with China, thus occupying an important position. Can there be further development in Chinese-Japanese trade, and if so, how? This is an important topic that is faced by all sectors involved in Chinese-Japanese trade. It is my opinion that the key problem, which is decisive for the significant development of Chinese-Japanese trade, is whether Chinese exports to Japan can be rapidly increased. Last year's negative balance in Chinese-Japanese trade was $2 billion, which was also the highest in the history of Chinese-Japanese trade relations. Only by expanding exports to Japan can significant amounts of foreign exchange be earned to enable the purchase of more Japanese products; otherwise, the development of Chinese-Japanese trade will be limited, and it will be impossible to achieve large increases in volume. In the interest of larger Chinese exports to Japan, a common effort is required by all involved in Chinese-Japanese trade. Only by mutual coordination and cooperative operations can we achieve a satisfactory result. The following ten suggestions on how to expand exports to Japan may serve the departments concerned as reference:

(1) We must raise the competitive strength of our export commodities, improve their quality, improve designs, colors and assortments, improve shipping conditions, etc.

(2) Taking the reality of China's condition as starting point, we must continue to increase our exports of petroleum and petroleum products.

(3) We must further increase the exports of China's agricultural products. Japan has to import large quantities of corn, soybean, cotton and vegetables every year. These products are abundantly available in China and could be supplied on a steady basis.

(4) We must raise the quality of our exports of clothes and other textile products and thus increase the value accruing to these exports.

(5) We must ensure continued export of our traditional export commodities, such as chestnuts, raw lacquer, tung tree wood and rosin. We must maintain our former sales connections and consolidate the market for these products.

(6) We must continuously open up markets for new commodities and adopt effective measures to protect the interests of those who open up markets for new products. For instance, the export of live cattle to Japan has been the

result of a 35-year effort on the part of trade circles in both countries. We must support and develop such activities.

(7) We must diversify the trade patterns. Apart from continued commissioning of processing and compensatory trade, we must strengthen entrepot trade.

(8) The government must enact a policy of encouraging export trade and must grant preferential treatment in the matter of foreign exchange rates, loan interest and customs duties, and must also reward enterprises that make meritorious contributions to our export trade.

(9) As a long-term policy, we must gradually increase the export of manufactured and semifinished goods to Japan.

(10) We hope that the Japanese Government will eliminate certain artificial impediments and provide favorable conditions for larger imports of Chinese goods. There are, for instance, restrictions on rice straw and its products exported from China; it is not yet possible to smoothly transact the export of raw silk, silks and satins to Japan.

Japan should also start out from the benefits for an expansion of Chinese-Japanese trade in simplifying procedures and relaxing restrictions regarding exports to China of certain advanced electronic technologies, where procedures are cumbersome, requiring multilayered approval.

If the work that is outlined in the above is effectively pursued, the volume of our exports to Japan can be greatly increased.

The development of Chinese-Japanese trade can count on the favorable conditions of "right climate, favorable geography and support of the people." As long as both sides, Japan and China, will exert joint efforts and effect close coordination, the prospects are bright. We can rightly assume that Chinese-Japanese trade, based upon the foundation of last year's large increases, can achieve new developments this year.

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1983 JAPANESE ECONOMY: RECOVERY IN HOUSING INVESTMENT DESCRIBED

Tokyo KEIZAI HAKUSHO: ARATANA KOKUSAI KEIZAI NI TAIOSURU NIHON KEIZAI [ECONOMIC WHITE PAPER: JAPANESE ECONOMY FACED WITH NEW INTERNATIONAL ECONOMIC ENVIRONMENT] in Japanese 12 Jun 85 pp 51-55, 57

[Text] 3. Housing Investment: Headed Toward Recovery

Housing investment in 1983 declined from that of the previous year, but judging from the activities taking place during the course of the year, such investment hit bottom during the April-June quarter and then headed toward recovery (see Figure 1-19). Real private housing investment (GNP basis, seasonally adjusted) fell 12.7 percent in the April-June quarter of 1983 in contrast to the previous quarter. Investment subsequently increased in the July-September quarter and sustained that rise in the October-December quarter. However, investment declined in January-March quarter of 1984. As a result, housing investment in fiscal 1983 was 7.3 percent less than the previous fiscal year. Moreover, the 1.135 million newly built homes in 1983 was a decline from the 1.157 million of the previous year. Among the two to three noteworthy characteristics of this period are: (1) the slump in privately owned residences and the increasing trend toward leased residences, and (2) the reduction in the floor space per household of new dwellings.

(Factors Behind Housing Investment's Decline From the Previous Year)

Housing investment declined from the previous year for the following three reasons.

In the first place, there was a rise in demand in 1982 accompanying the institutional reforms of the Housing Loan Corporation loan system (introduction of phased interest rates and a by-size lending system), which were implemented from October 1982. Judging from the number of newly built homes, privately owned homes financed by a public corporation lending peaked in the October-December quarter of 1982 and then declined. They remained below the levels of the previous year up to the January to March quarter of 1984.

In accordance with the phased interest rate system, after the 11th year of the loan, interest based on the loan interest from the use of funds portion will be applied as the interest to be repaid (7.3 percent at present, and 7.2 percent after February 1984). Moreover, in accordance

with the introduction of the by-size lending system, interest rates will be applied according to the size of the dwelling by the 10th year (5.5 percent, 6.5 percent, and 7.3 percent (7.2 percent after February, 1984). (See Figure 1-19).

Besides the difference in lending rates, private housing construction by public housing corporation financing is becoming much more advantageous than private home construction by private funds for the following reasons. First, there was the switchover in 1974 from a repayment system based on equal payments of principal to one based on equal payments of principal and interest. This was favorable because although the total amount to be repaid increased, the burden in the initial phase of the repayment period was lighter. After this institutional reform of 1974, the percentage of private homes financed by public corporation financing within the overall number of private homes built increased from the 20 percent figure it maintained in the decade before the reform to exceeding 50 percent in recent years. Because the introduction of the phased interest rate system and the by-size lending system weakened the merit of such public financing, a surge in demand for private home construction by public financing was stimulated before the implementation of the institutional reform, and the opposite reaction occurred subsequent to the reform. Since the increase in the overall amount to be repaid by this reform was under that of the period before the reform, its effect is small when compared to the period before the reform. However, it cannot be denied that this institutional reform has had a negative impact on private home construction by public financing if there had been no reform.

In the second place, even though the rate of increase in land prices and construction materials prices showed signs of settling down, household incomes were held in check and real interest rates (the real housing loan rate, which discounts the housing loan rate by the housing construction cost deflator) were at a high level. In the midst of such circumstances, the gap between the cost of obtaining housing and the ability to do so was still great even though it did decline during these 2 to 3 years.

In the third place, the floor space per household declined by 6.9 percent from the previous year, and the decline in overall floor space was 8.7 percent. The primary reason for the decline in floor space per household was the change in the composition of dwellings built caused by the slump of comparatively large private homes and the increase of comparatively small rental units and lot subdivisions. Secondly, although there was an increase in the floor space per household among private homes, the increase in the younger generation and the number of single person households had the impact of increasing the number of comparatively small-sized rented and subdivision dwellings. This, in turn, has caused a decline in the floor space per household since 1981.

(Factors behind the recovery in housing investment)

In addition to rented and subdivision dwellings, housing investment in 1983 moved toward recovery from mid-year as the reaction against using public corporation financing for housing weakened.

First of all, rentals increased favorably throughout 1983 because (1) the ratio of rents versus rental construction costs rose as construction costs subsided, and (2) because household incomes were held in check, demand alternatives to private homes arose, and rental demand increased comparatively.

Moreover, subdivision houses and prefab houses took a turn for the worse, but "mansions" [condominiums] showed a firm increase because the percentage of contracts took a turn for the better and the number of houses in inventory declined as the average sales price dropped. Some believe that such a recent increase in subdivision and rental units was caused by the increase in the number of small size subdivision dwellings and small size rental units.

Of course, even though the reaction against public corporation financing weakened, private home-building remained sluggish because, in addition to the great gap between the cost and the capacity to acquire housing caused by the slow growth of household incomes, there was the trend of real interest rates remaining high. This served to blunt the recovery in housing investment.

(Medium-to-long term trend of housing investment)

Housing investment continued to increase smoothly from 1965-75, but it began to slow in 1975 due to such factors as (1) the slowdown in the rate of increase of the number of households and the influx of population into the urban areas, (2) the reality of "one house--one household" in all the cites and districts, and (3) weakened expectations over rising home prices even though the gap between the cost and the capacity to acquire a home was still high. The ratio between housing investment and the GNP continued its decline. Even when viewing the situation from real private housing investment, such investment declined every year from 1979 on, with the exception of 1982, when there was an upsurge of demand for public corporation financing. However, housing investment stopped falling in 1983 and began to recover. How will such a trend be positioned over the medium and long term?

The important factors determining housing investment over the medium and long term are (1) the change of the composition of the population by age, (2) the increase in the number of households, and (3) the trend of rebuilding demand.

With regard to (1) the composition of the population by age group (See Figure 1-20 (2)), the increase in the middle age bracket will lead to demand for rebuilding and improvements. On the other hand, the new class demanding private homes, which begins in the mid-twenties and last until the thirties, and the youth population (here less than 15 years old), which is urging families to change their living quarters to private homes, reached its peak around 1980 and is now in decline. Moreover, the young people, who are the class that needs rentals (here defined as those in the latter half of their teen years through

their early twenties), hit the bottom in numbers aroung 1980 and are now increasing. The selection of a private home, subdivision dwelling, or rental unit is not something decided only from such a change in the composition of the population, but a change in the population's composition such as described above did cause the slowdown in private home ownership of recent years and the increase of rental and small-size subdivision dwellings. It appears that the change of composition of housing demand based on such a change in the composition of the population will continue in the future.

Next (2), when we look at the increase in the number of housholds representing new housing demand (See Figure 1-20 (1)), a declining trend can be seen from 1970-75, but this has stopped falling in recent years, and a gradual rise is indicated. This suggests that the number of households will be a factor boosting up new housing demand in the future.

With regard to (3) the demand for rebuilding, the percentage of houses rebuilt within the overall number of houses constructed is 49.1 percent (for the 5-year period from 1978 to 1983, the number of rebuilt houses is found by deducting the increase of the housing stock during the period from the number of houses built within the period). This figure is remarkably high in comparison with Great Britain (19.0 percent from 1976 to 1981) and West Germany (6.5 percent from 1978 to 1981). Moreover, when viewed from the ratio of rebuilt houses to housing stock, about 2 percent of the entire stock was rebuilt in Japan per year from 1978 to 1983. This is high in contrast to Great Britain and West Germany. The height of this weight of rebuilt houses appears to be caused basically by the comparative low quality of the housing in Japan and the short number of years such housing remains durable. Moreover, the fact that the Japanese secondhand house market is comparatively undeveloped suggests that the changing of private residences in Japan leads to the rebuilding of already existing homes rather than to changing to a secondhand house. The demand to rebuild homes is affected by the degree of decrepitude of the housing stock. The decrepitude of housing advanced from 1975 to 1985. In 1983, 24 percent of all houses were over 23 years old, 50 percent were over 13 years, and the average age of a house (the median value) was 13 years, an increase of 1.5 years in comparison with 5 years earlier. Because of this fact, the demand for rebuilt homes will probably be on the rise.

Incidentally, the home additions and improvements market, which has been expected to expand in recent years, when viewed from the proportion of improved homes within private housing investment, declined somewhat from a little over 20 percent between 1973 and 1978 to a little under 20 percent from 1978 to 1983. In spite of this, the size of the market has been expanding gradually because of the increase of housing stock and the rise in the demand for an increase in the quality of housing.

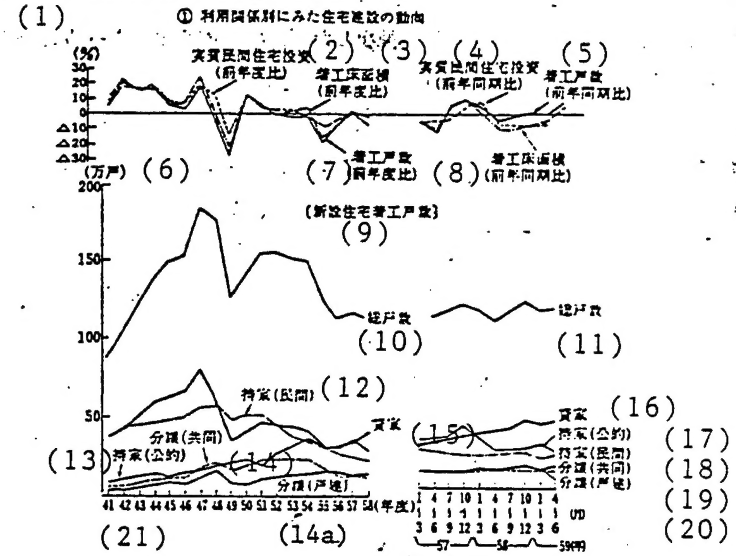
In the future, although the gap between the cost and the capacity to acquire a house will still be great in the short run, housing investment will probably increase gradually. This will occur because (1) it is forecast that while construction costs and land prices remain stable,

incomes will rise along with economic recovery, and (2) the decline of floor space per household will weaken as a factor and an increase in is expected in investments seeking qualitative improvements in housing. For example, changes in the aforementioned composition of private homes and rental and subdivision units were not great in 1983. Moreover, with regard to the medium and long term, in addition to the factors stated above, the number of households falling below the "lowest housing standard" stood at 3.99 million in 1983, or 11.5 percent of the total number of households in the nation. Consequently, an increase in housing investment from the standpoint of demand is apparent when one considers that latent demand for housing exists, since that figure has declined 3.3 points over the past five years. Nevertheless, (1) the fact that "one household - one house" was realized in all the cities and districts in 1973, and the number of houses per household reached 1.10 by 1983, (2) the calming of expectations of rising prices for homes, and (3) the land problem related to the stagnancy of housing supply exist. These are extant constraining factors which make the possibility strong that housing investment's increase will only be gradual. Consequently, in the future, in addition to studying the best ways to utilize land, it will be necessary to further a policy to bring about a rational utilization of space.

(Chart on following page)

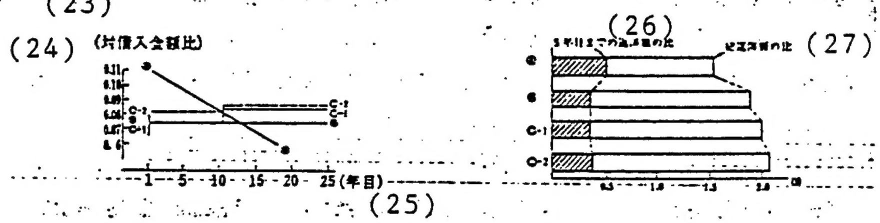
第1—19図 住宅建設の動向と住宅金融公庫融資制度の変化

① 利用関係別にみた住宅建設の動向



(備考) 1. 建設省「建設統計月報」，経済企画庁「国民経済計算」により作成
(22)
2. 四半期の戸数は季節調整値（年率）

② 住宅金融公庫の貸付制度等の変更に伴う返済額等の推移
(23)



(28) (備考) 1. Ⓐは，元金均等償還方式で年度まで，金利5.5% 期間18年の場合。
2. Ⓑは，元利均等償還方式で49年度から57年9月まで，金利5.5%，期間25年の場合（ただし52年度までは18年）。
3. Ⓒは，元利均等償還方式（段階金利制，規模別貸付制度）で57年10月以降，Ⓒ—1 は住宅規模が110㎡以下で金利が10年目まで5.5%，11〜25年目7.3%の場合。Ⓒ—2 は住宅規模が110㎡超120㎡以下で金利が10年目まで6.5%，11〜25年目7.3%の場合。
4. 金利はいずれも年率である。

Figure 1-19 The Trend of Housing Construction and Changes of the Housing Loan Corporation Financing System

Key:

1. Trend of housing construction as seen in individual use relationships
2. Real private housing investment (in comparison with the previous year)

3. Floor space constructed (in comparison with the previous year)
4. Real private housing investment (in comparison with the previous year)
5. Houses constructed (in comparison with the previous year)
6. Unit: 10,000 houses
7. Houses constructed (in comparison with the previous year)
8. Floor space constructed (in comparison with the previous year)
9. Number of newly built houses
10. Total number of houses
11. Total number of houses
12. Privately owned homes
13. Privately owned homes (public financed)
14. Subdivision (apartments)
14a. Subdivions (houses)
15. Rentals
16. Rentals
17. Privately owned homes (publicly financed)
18. Privately owned homes (privately financed)
19. Subdivisions (apartments)
20. Subdivisions (houses)
21. 41 = 1976, 42 = 1977, etc.
22. References 1. Drafted in accordance with "Construction Statistics Monthly," Ministry of Construction and "National Economic Accounts," Economic Planning Agency
    2. The households for the four quarters are based on seasonally adjusted values (annual rates).
23. Changes of Repayment Amounts in Accordance with Changes in the Lending System of the Housing Finance Corporation
24. Percentage of amount borrowed
25. Number of years
26. Percentage of amount repaid by the 5th year
27. Percentage of overall amount repaid
28. References 1. Case "A" is one wherein payment is made by the equal principal repayment method each year at a rate of 5.5 percent for 18 years.
    2. Case "B" is one wherein payment is made by the equal principal and interest repayment method each year from 1974 to September, 1982 at a rate of 5.5 percent for 25 years. (However, it is for 18 years up to 1977).
    3. Case "C" is an equal principal and interest repayment method (phased interest rate system and by-size lending rate system), where since October, 1982, in Case "C-1," since the size of the house is less than 110 m^2, the interest rate is 5.5 percent for 10 years and then 7.3 percent for 11 to 25 years, and in Case "C-2," since the size of the house exceeds 110 m^2 and is less than 120 m^2, the interest rate is 6.5 percent up to the 10th year and 7.3 percent from the 11th through the 25th years.
    4. All the interest rates are annual rates.

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END